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NEWS SUMMARY

GENERAL

U.S. calls UN talks over Vietnam

The U.S. last night called for an urgent meeting of the United Nations Security Council to consider the situation following China's attack on Vietnam and Vietnamese invasion of Cambodia.

The State Department said it had written to the 15 members of the council for a special session and that an informal meeting would be held today.

Heavy fighting between Chinese and Vietnamese forces was reported by diplomats in Peking, but there was no official news. Reports from Bangkok say that Chinese troops had penetrated 17 miles into the country after capturing Lao Cai and were digging in. Back and Page 3

UK defence budget up 3%

Britain is to increase its defence spending by 3 per cent to £8.558bn during 1979-80, much of it for ordering new weapons and improving existing programmes, says the annual Defence White Paper.

The paper, which forecasts a further 3 per cent rise for 1980-1981, expresses concern over the drain of skilled manpower from the forces. It hopes this will be remedied by pay rises promised from April 1 to restore comparability with civilian jobs. Page 8

Jenkins in China

Chinese Vice-Premier Gu Mu held talks in Peking with Mr. Roy Jenkins, EEC president, on a wide range of issues on international affairs.

Peace talks

Israel and Egypt have agreed to deal with all issues blocking a peace treaty as a package, says a joint statement from Camp David, where delegates from the two sides held *"friendly," informal talks.*

U.S. aid cut

President Carter has ordered big cuts in economic aid to Afghanistan following the kidnapping and murder of the U.S. ambassador in Kabul last week.

Gifts for Queen

The Emir of Qatar presented the Queen and Prince Philip with gifts of gold, diamonds and pearls to add to the treasures she has received from other *Gulf States, estimated* to be worth over £1m.

Devolution doubts

About 20 per cent of Scotland's voters are still undecided on the devolution referendum in a week's time and 6 per cent have decided not to vote, says a poll in the Glasgow Daily Record.

Leadership bid

Republican Party leader Ugo la Malfa, a 75-year-old Italian politician, has agreed to try to form a Government and excluded the possibility of including Communists. Page 2

Briefly . . .

Australian Finance Minister Eric Robinson has resigned his post in an unexpected move. Page 3

Carnegie Hall concert in honour of cellist Jacqueline du Pre has raised $115,000 for multiple sclerosis victims.

More than 400 chemists in Ireland say they will refuse to dispense non-medical family planning aids even on prescription.

Turner masterpiece Thomson's Aeolian Harp, acquired in lieu of death duties, will go to Manchester's City Art Gallery.

Deadly fumes are hampering *rescue workers trying to reach* a Central Javan village cut off by a volcanic eruption that killed 182 people.

BUSINESS

Gold up $3¾; £ rises 20 points

● GOLD rose $3¾ to a record close of $253½.

● STERLING rose 20 points to $2.0095. Trade-weighted index was 63.8 (63.9). Dollar's depreciation was 8.3 (8.2) per cent.

● GILTS surged on oversubscription of two new Government tap stocks. Government Securities Index ended 0.62 higher at 66.93.

● EQUITIES, helped by the strength of Gilts, also rose. FT 30-share index closed at the day's best, up 2.3 at 459.2.

● WALL STREET was down 5.20 at 829.35 near the close.

● EEC competition department is examining the London commodities market to determine if they conform with the Commission's regulations on free competition. Back Page

● ULSTER faces the prospect of continuing low output growth and high unemployment, a Government document on the Province's future economic and social policies, says. Page 7

● CAPITAL spending by manufacturing industry continued to rise strongly during the second half of last year, but the final outcome for 1978 will still be slightly below the level predicted earlier last year, the Industry Department says. Page 6 6

● BRITISH Gas Corporation is to notify the Price Commission of plans to increase its tariffs. *The corporation is expected* to seek price rises of between 8 and 10 per cent. Page 6

● GOVERNMENT is to allow British Airways to write off the £160m cost of its five Concordes. As a result, the airline's £300m Public Dividend Capital will be reduced by that amount. Back Page

● BEST prospects for Kirkby Manufacturing and Engineering co-operatives are for it to go into receivership, Industry Minister Mr. Alan Williams told MPs in the Commons. Page 10

● CHRYSLER laid off more than 1,700 workers at its Linwood plant, Strathclyde, after a dispute arose when management disciplined an assembly worker who had left *his work-place to get cigarettes.* Page 9

● BL's SP Industries (formerly Special Products) is to disappear. This became clear yesterday when BL announced it had decided to put the Aveling Barford construction equipment group up for sale. Back Page

COMPANIES

● BATH and Portland pre-tax profits rose to £5.18m (£4.85m) for the year ended October 31, 1978. Turnover advanced to £89.01m (£78.56m). The group has set aside £3.5m in case its road contract in Iran is terminated. Page 24

● BARCLAYS BANK pre-tax profits rose to £373.3m (£204.6m) for 1978, after much lower provisions against bad debts, at £32.8m. Page 24 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

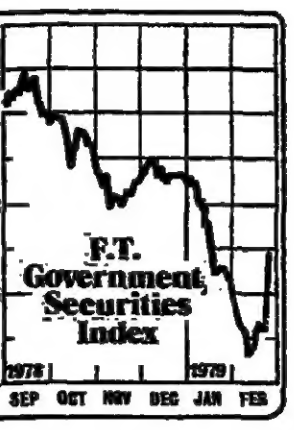
RISES:			
Funding 5¼pc 82-84	£82¼	+	⅜
Treas. 12¼pc 03-05...	£91⅞	+	1½
Allen Hrvy. & Ross	340	+	10
Barclays Bank	392	+	10
Bath & Portland ...	53	+	7
Brixton Est.	133	+	5
Brown & Jackson ...	330	+	20
Campari	106	+	7
Crest Nicholson ...	97	+	5
Distillers	214	+	3
Downing (G. H.) ...	118	+	4
EMI	132	+	6
French Kier	35½	+	2½
Gibbs (A.)	50	+	5
Glaxo	485	+	7
Haslemere Est. ...	270	+	8
ICI	375	+	6
Jacksons Brne. End	123	+	11
Jones (Ernest) ...	178	+	9
Land Secs.	272	+	6
Man. Agncy. & Msc.	138	+	8
Marchwiel	116	+	5
Mills & Allen Intl....	232	+	12
Mining Supplies ...	144	+	8
Mucklow (A. & J.)	129	+	4
Newbold & Burton	62	+	3
Olives Paper Mills...	58	+	3
Prince of Wls. Htls.	122	+	10
Robertson Foods ...	141	+	4
Rohan	85	+	7
Small & Tidmas ...	85	+	10
Whessoe	98	+	5
Wilmot-Breeden ...	96½	+	7½
Lunuva	262	+	10
Conzinc Riotinto ...	304	+	8
Metals Expln.	39½	+	3
Roan Cons. Mines...	*110*	+	5
Selcast	51	+	4
Western Mining ...	184	+	8
FALLS:			
Westfld. Minerals ...	232	—	10

Budget day is April 3

New £1.3bn gilt stocks are heavily over-subscribed

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

The two new gilt-edged stocks issued yesterday to finance the Government's borrowing needs over the next few months attracted a record response when application lists closed amid hectic conditions at the Bank of England.



The total amount subscribed seems to have been at least five times that an offer. Since only £15 per cent of the £1.3bn issues was payable on application, this amounted to over £1bn and would have been several hundred million pounds more if other large applications had been accepted.

Among other developments yesterday were:

● The anouncement that Budget day will be Tuesday, April 3. This is the middle of the recent range of dates, although it allows time for Parliamentary scrutiny after the Easter recess in time for a possible summer election. The timing also ties in with the national economic assessment with the trades unions which is intended to have made some progress by the time of the Budget.

● Confirmation that Mr. Joel Barnett, the Chief Secretary to the Treasury, will make a written statement today about cash limits on public spending for the next financial year, following a Cabinet discussion yesterday. This is likely to indicate the implications for spending of pay settlements above the official limits and in general to reaffirm Treasury's strict line.

● Minimum Lending Rate was left unchanged at 14 per cent in spite of the fall in money market interest rates over the last week. But a change would have been unprecedented on a day of issue of a new stock.

The events of the last fortnight in the gilt-edged markets have been highly unusual—if not unique—and have been a mixed blessing to the authorities.

Between £2.25bn and £2.5bn of funding has been tied up—enough to carry over well into the new financial year—but the Bank of England has been strongly criticised both for its market tactics and for the handling of the mechanics of the latest issues.

The heavy over-subscription is the result of sharp turnround in market sentiment since the rise in LMR, and especially since last Friday when the terms for the issue were set at yields well above

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NUPE leaders reject public sector offer

BY ALAN PIKE, LABOUR CORRESPONDENT

THE GOVERNMENT'S hope of securing a smooth settlement of the public sector manual workers' dispute failed to clear its first hurdle last night.

The executive of the National Union of Public Employees unanimously decided to recommend rejection of pay offers for the local authority and health service manual workers and ambulance drivers.

The negotiators, including Mr. *Alan Fisher, NUPE general* secretary, had agreed to recommend acceptance of the proposed settlement, based on an immediate 9 per cent improvement in rates of pay and comparability studies which offer further increases later.

The union's committees representing local government and health service workers decided that the offers were not near enough to their original claim for a £60 a wek minimum wage.

NUPE is only one of three unions involved in the local authority dispute and one of four in the health service's parallel dispute. But it was apparent that the decision last night by the executive against recommending the offers would give an *important lead to the* other unions when they consider their position next week.

Last night leaders of the four unions asked to see Mr. Len Murray, TUC general secretary, today.

Union negotiators yesterday received offers for National Health Service ancillary workers and ambulancemen similar to the one made to local authority manual workers on Wednesday.

The basis of all the offers is an immediate 9 per cent settle*ment and a comparability study* which holds out the hope of further payment in August and April 1980.

The health service workers received a slight improvement in the local authority offer when the Department of Health negotiators said they would, subject to government approval, award a £1 payment on account of the August comparability settlement pro-rata to part-time staff.

In the local government offer, that £1 a week, which will be offset against any August comparability award, will go only to staff working a 35-hour week or more.

After the health service negotiations, Mr. Fisher said that *"at the end of the day"* the union leaders were prepared to recommend acceptance of the offer but it might not be easy to persuade some of his members who have been involved in industrial action for a month

The ambulancemen received a slightly different offear, ranging from £3.50 to £4.26 on basic rates, *plus* the £1 payment on account of the comparability award.

Civil servants strike today
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ICI profits down by £62m

BY SUE CAMERON, CHEMICALS CORRESPONDENT

IMPERIAL *Chemical Industries'* pre-tax profits fell to £421m last year, £62m down on 1977.

ICI yesterday blamed the rising costs of manpower and of petrochemical feedstocks for the drop. It said it was being "squeezed" between increasing *costs and inadequate rises in its* product prices.

But it claimed that the real fall in its profits for the year was probably nearer £30m than £62m. Its £483m earnings figure for 1977 included profits from Imperial Metal Industries, ICI's 63 per cent interest in which was sold in November, 1977. The group's exchange losses also increased from £29m in 1977 to £39m last year—a total added loss of £10m.

In spite of the drop in profits ICI's volume sales increased in 1978. *Group sales were up from* £4.295bn—excluding IMI sales—in 1977 to £4.533bn last year. Sales in the UK were £165m up at £1.8bn while overseas sales rose by £73m to £2.733bn.

But exports from the UK last year, although higher in volume than in 1977, were lower in value.

ICI said this was because of "weak prices in Europe and the weakness of the U.S. dollar compared to sterling."

Sales and profits in the final three months of 1978 were both up on the fourth quarter of 1977, but fourth quarter results in 1977 were the worst for two years because of the general economic downturn.

ICI estimated that increased wage costs probably accounted *for a greater part of its reduc*tion in profits during 1978 than increase in raw material costs. The group's total wage bill for 1977 was £1.1bn. Last year, the figures were approximately 10 per cent more at about £100m. Between £50m and £60m of this *was* accounted for by higher UK wage costs.

In the coming year, rises in feedstock prices could dominate ICI's costs picture. The cost of petrochemical feedstock began to rise in the final quarter of 1978, but, since the start of this year, *the price of raw material* such as naphtha has increased even more sharply.

ICI's shares closed at 375p yesterday—6p up.

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Fury on the third floor . . .

BY CHRISTINE MOIR

The third floor of the Bank of England yesterday morning was the scene of what was variously described as "a scuffle," "an embarrassment" and "an outright brawl."

Bank officials had put up the shutters on the two new tap stocks at precisely 10.01 a.m. —"in accordance to custom" —leaving scores of messengers from the City's leading institutions clutching their unlodged application forms.

Until a few minutes before 10 o'clock an orderly queue formed outside the two six*man lifts. But as the counters* began to close men sprinted up the stairs and clawed at the grilles.

"I've never seen anything like it in my life," said one small private investor who had been there since 8.45. His *own broker was among those* who failed to lodge their applications.

The list of frustrated lenders included the most illustrious names among the City institutions, clearing banks, stock brokers, insurance companies and merchant banks.

Within hours the Stock Exchange and the Bank was inundated with angry complaints from senior partners and chairmen.

"If the people of this country *want to lend money to this* wretched Goverment," one angry head of a gilt team said, "what was a petty Government agency doing closing the doors?"

Dealers were furious that they had been turned away despite *the fact* that some of them had been queuing for up to half an hour at the two small counters.

They argued that it was normal practice that anyone who was on the premises at closing time could be certain of handin his application.

Mr. Nicholas Goodison, the Stock Exchange chairman, immediately asked the Bank whether this was the case and was told that applications "have to be received at the counter before the Bank closes it." To be standing in the queue "is not sufficient."

The wound was further deepened by the realisation that with as many as half the applications turned away those who did manage to get theirs in have double the chance of allotment in the ballot.

"The parable of the wise virgins is still worth reading," said one dealer. All his applications had been accepted.

Iran to restart oil exports 'in a few days'

BY ANDREW WHITLEY IN TEHRAN

IRAN IS to resume oil exports "within a matter of days," Dr. *Ibrahim Yazdi,* the Deputy Prime Minister, said yesterday after visiting the oilfields.

All exports were halted in December when the strikes to bring down the Shah were resumed with full force.

Dr. Yazdi gave no indication of the likely volume of oil exports, or who the customers would be. But the first buyers are thought likely to be foreign state-owned oil companies with bilateral contracts with the National Iranian Oil Company.

Earlier in the day the former strike council now running the oilfields, said production could be raised again to 6m barrels a day, just below its former peak level. However, there are indications that a stricter conservation policy will be followed.

Oil industry observers question whether it would be possible to raise production quickly to its former levels for technical reasons and because of the uncertainty over the future of expatriate staff provided by the consortium of Western oil companies the Oil Service Company of Iran which operated most fields More than 500 OSCO workers were evacuated early this year but a hard core of 120 are being kept in Athens in readiness to return.

Dr. Yazdi also came out against Iran's Left-wing demands for recognition and acceptance as one of the powers helping to shape the country's future. He said the Left would not be invited to participate in the provisional revolutionary Government unless they were successful in free elections, due to be held in the next few months.

The continuing differences between the various branches of the Iranian executive were exposed once again yesterday, over the question of a referendum to approve formally the setting up of an Islamic republic.

Yesterday morning newspapers reported an official announcement that a referendum to ask "do you want an Islamic republic or not?" would be held within a fortnight but later Dr Yazdi said that, although this was the original plan, it was now a matter of negotiation.

Our foreign staff writes: Occi*dental Petroleum confirmed in* New York yesterday that Libya had raised its oil prices by about 5 per cent across the board. Last week Abu Dhabi and Qatar lifted the price of their light crude by about 7 per cent.

In Paris the Foreign Ministry *said that Iraq had agreed* to increase its oil exports to France by 25 per cent this year.

● The Iranian central bank is resuming normal banking business, according to messages sent to international banks this week.

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South Africa puts £1.9bn into oil-from-coal scheme

BY QUENTIN PEEL IN CAPE TOWN

SOUTH AFRICA yesterday ordered a major expansion of its production of oil from coal, at a cost of almost R3.3bn (£1.9bn), to reduce its soaring oil import bill and its vulnerability to oil sanctions since the loss of crude imports from Iran.

At the same time the Government introduced a package of fuel conservation measures, coupled with a hefty increase in *the price of petrol, in a bid to* cut consumption by 20 per cent.

The price of petroleum products goes up immediately by 6 cents, which means a 20 per cent increase in the petrol price, on top of the 10 per cent increase announced last month.

Mr. Chris Heunis, Economic Affairs Minister, announced here that the SASOL project being built in the Eastern Transvaal by the South African Coal Oil and Gas Corporation is to be expanded because of the latest oil crisis.

The scheme will double the *output of what was already the* largest single industrial project ever undertaken in South Africa, and will provide potentially lucrative but politically sensitive contracts for major international contractors.

Mr. Heunis said it was "absolutely imperative to reduce drastically the consumption of fuel by all consumers"

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£ in New York

...	Feb. 21	Previous
Spot	$2.0075-0085	$2.0035-0045
1 month	0.47-0.42 dis	0.44-0.39 dis
3 months	1.22-1.17 dis	1.15-1.10 dis
12 months	4.05-3.90 dis	4.00-3.85 dis

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FEATURES

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EUROPEAN NEWS

EEC proposes stricter rules on consumer credit

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT IN BRUSSELS

PROPOSALS FOR common EEC rules for consumer credit, aimed at improving the information and protection available to borrowers, were announced yesterday by the European Commission.

The draft directive, which will shortly be submitted to the Council of Ministers, has been under discussion in Brussels for about five years. It has given rise to controversy in the past among banks and finance houses, especially in Britain, where it is feared that its provisions would be too restrictive.

This is in spite of the fact that the protection already afforded to users of consumer credit by British legislation is considered in Brussels to be the most advanced in the community. Standards differ widely, however, between the nine member states.

The proposal is intended to cover all of consumer credit except for mortgages and rental contracts. There would be special provisions, however, for bank overdrafts and schemes which allow consumers a grace period of up to three months to pay for their purchases.

All consumer credit contracts would have to be set out in writing, with description of the goods or services for which credit is granted, the purchase price, the effective annual interest rate charged, the total cost to the borrower and the size and frequency of repayment instalments.

The contract would also have to stipulate arrangements for early repayment of a loan, the conditions on which the purchaser legally becomes the owner of the goods concerned and the nature of any financial guarantees required by the lender.

As far as credit card contracts are concerned, the borrower would have to be informed of the system used to identify the credit card, the maximum credit which he could borrow on it, the annual rate of interest and charges and repayment conditions.

The proposal would require governments to license suppliers of credit or make them subject to inspection by a public authority, or alternatively to establish a watchdog body to examine complaints by consumers about credit agreements.

In cases where the supplier of credit has a business link with the suppiler of goods or services, both parties should be liable for ensuring that the goods or services are provided in conformity with the agreement. If this does not happen, they should be jointly and severally liable for repayment to the consumer or any sums paid.

The directive would restrict the promotion of consumer credit schemes. Advertisements for such schemes would have to contain adequate information about the terms and total cost to the borrower, and governments would be entitled to prohibit unsolicited selling of credit plans.

Special provision has been made for bank overdrafts. Borrowers would have to be told of the maximum credit avaliable to them, the initial rate of interest and charges, and the conditions in which these might be altered. Any change in interest rate would have to be notified immediately to the borrower.

Oslo again delays oil licensing

BY FAY GJESTER IN OSLO

AWARDS OF North Sea blocks for oil and gas exploration under Norway's fourth licensing round are to be further delayed, Mr. Knutt Daehlin, a senior Oil Ministry official has confirmed.

He said it was hoped to allocate a few blocks early in April and a few more at the end of the month.

Plans for the fourth licensing round were first announced by the Norwegian Government early in 1977, but were shelved after the blow-out on the Ekofisk field. They were revived later that year, finally approved by Storting (Parliament) in March last year,and the blocks were offered in April. Interested companies were asked to submit applications by July.

"The most promising of the 16 blocks—"golden block" 34/10—was awarded early in the summer, to a wholly Norwegian partneship comprising Statoil, the state oil company, Norsk Hydro and Saga Petroleum.

Since then, the distribution of the remaining 15 has been eagerly awaited by the offshore industry, but repeatedly postponed. Only a month ago, however, Oil Ministry officials were predicting that seven or eight would be awarded in February.

Announcing the new delay, Mr. Daehlin said the extra time was needed to sift 40 or 50 industrial co-operation projects proposed by applicant oil companies. Norway originally said it would give priority to companies offering opportunities to Norwegian industry.

Mr. Daehlin said some of the oil company proposals were vague, some fairly concrete, but all required study. Contact has to be made with likely Norwegian partners, and in some cases—for instance where state participation was envisaged—political decisions had to be taken.

The licence conditions on most of the blocks will require that at least one well be drilled this year, and companies in the running for licences are concerned that the delays may make it difficult to meet this requirement. Mr. Daehlin said the Government still believed it would be possible for the companis to drill this year on the blocks where this was necessary.

It is understood that drilling in 1979 will be required on blocks around the Statfjord field. Norway is anxious to find out quickly whether there are additional petroleum reserves nearby which would justify laying a pipeline from the field. Statfjord's reserves are too small, in themselves, to make a pipeline worthwhile.

Iraq steps up crude for France

By Robert Mauthner in Paris

IRAQ HAS agreed to step up its oil exports to France by 25 per cent. this year, following talks in Baghdad last weekend between M. Jean-Francois Deniau, the French Trade Minister, and Mr. Sadam Hussein, vice-president of the Iraqi Revolutionary Council.

Iraq provides France with about 16 per cent of its oil imports. As the result of the agreement, French oil imports from that country will rise in 1979 to 25m tonnes from 20m tonnes last year.

France and Iraq also signed an economic co-operation protocol providing for an increase of trade in both directions. France has undertaken to participate in solar energy research and gas liquefaction projects in Iraq and the construction of electric power stations.

Meanwhile, several French oil companies have announced a reduction of domestic fuel and diesel oil supplies to the home market. Shell has informed wholesalers that it will cut its supplies by 15 per cent in March, while the Total group has announced a reduction of 10 per cent.

Bonn talks on Turkish aid package deferred

BY DAVID TONGE

THE MEETING planned in Bonn between the Turkish Government and the representatives of the Western countries seeking to put together a large aid package will now take place next week and not this weekend, according to Turkish diplomats. This move takes place against a background of activity in London and Ankara aimed at helping Turkey in its foreign exchange crisis.

In London, representatives of the seven banks proposing a Eurodollar loan of around $400m have completed talks with Turkish officials on the second draft of an agreement. A further, possibly final, meeting is intended in about two weeks' time.

In Ankara, the 1979-80 budget debates are now drawing to a close. The Government is considering its future policies—with a weather eye on the demands made by the International Monetary Fund if the third tranche of the $450m stand-by agreement signed last April is to be released.

Sensitivity over criticism that the Government is yielding to international pressure makes it reluctant to start talks abroad until it has announced its policies.

The Bonn meeting had been intended to bridge the differences which had begun to emerge between the Turkish Government and the Organisation for Economic Co-operation and Development. After the Guadeloupe summit Britain, France, the U.S. and West Germany had decided to ask the OECD to help co-ordinate and broaden their efforts. Since then the OECD has apparently been at odds with the Turkish Government over its demands that it should limit its ambitious development plans, open the country to foreign investment and restrict the role of state-controlled industries.

West Germany in particular had been keen to prevent impressions that Turkey was being obliged to capitulate. Mr. Ziya Muezzinoglu, the Turkish Finance Minister, had planned to visit Bonn to meet Mr. Emile Van Lennep, the Secretary-General of the OECD, and Dr. Pieter Hermes, a secretary of state at the West German Foreign Ministry. Now the visit has been postponed until there has been further progress in the budget and other developments in Ankara.

Comecon aims lower in 1979

By David Satter in Moscow

THE SOVIET Union's Comecon partners, most of whom are not expected to fulfil their five-year plans, have in most cases set lower growth targets for 1979 in industrial output and national income than in 1978.

The Soviet weekly Ekonomicheskaya Gazeta reports that of the Soviet Union's Eastern European allies, only Bulgaria and Romania have set higher industrial growth targets

Targets for the major economies — East Germany, Czechoslovakia, Hungary and Poland — are sharply scaled down.

Poland is aiming for a 4.9 per cent increase in industrial growth this year, compared with a 1978 target of 6.8 per cent. Hungarian industrial output is planned to grow 4 per cent, down from a target of 5.6 per cent last year.

East Germany and Czechoslovakia have set industrial growth targets for 1979 of 5.5 per cent and 4.5 per cent respectively, both down slightly from last year's targets of 5.7 per cent and 5.0 per cent.

Bulgaria, with a history of setting unrealistic growth targets, has increased its target to 7.8 per cent from 7.7 per cent last year which, according to six months' economic figures, it was nowhere near achieving. Romania, which has the lowest living standards of any Comecon member in Eastern Europe, is aiming for 11.3 per cent against a 1978 target of 10.6 per cent.

Ekonomicheskaya Gazeta gives no industrial output targets for Cuba or Mongolia but says that Vietnam, which became a member of Comecon last June, plans to increase industrial production in 1979 by 12 per cent.

The targets for national income, a measure similar to, but not the same as, gross national product, corroborate a trend toward lower growth targets for 1979 among the Soviet Union's economic partners.

Of the Comecon countries in Eastern Europe, only Bulgaria has set a higher target for national income growth in 1979 than it did in 1978 — 7.0 per cent against 6.8 per cent.

Czech national income is planned to grow 4.3 per cent in 1979 against 5.0 per cent; East German by 4.3 per cent compared with 5.2 per cent; Romanian by 8.8 per cent against 11.0-11.5 per cent.

The target for national income growth in Hungary is 4.0 per cent, down from a 5 per cent target last year and Polish national income is to grow 2.8 per cent against a 5.4 per cent target last year.

Dutch parties attack profit sharing plans

By Charles Batchelor in Amsterdam

THE THREE main Dutch parliamentary parties have all criticised the Government's plan for capital growth sharing. In an initial reaction to the proposals, which were submitted to Parliament in the form of two draft Bills last year, Labour, the major opposition party, rejected them outright. The members of the two Government coalition parties, the Christian Democrats and the Liberals, also pressed for modifications.

The present proposal is for a share of company profits to go to workers in the company concerned and for a further share to be paid into a collective fund administered largely by the unions. The capital growth levy will be made at a rate of 24 per cent after allowing for a return on net assets and some other deductions.

The Labour Party criticised the two bills for offering employees less than the proposals put forward by the previous, Labour-dominated, Government.

U.S. film prompts Soviet walk-out

BY LESLIE COLITT IN BERLIN

THE SOVIET UNION has withdrawn from the Berlin Film Festival in protest against a U.S. film which deals with the Vietnam War and its effect on three young American soldiers. The Russians called it "an insult to the heroic peoples of Vietnam."

The Soviet move was immediately followed by four other East European countries and Cuba which had films entered in competition but it is unclear whether the independent-minded Romanians will follow suit.

The head of the Soviet film delegation, Prof. Rostislav Murenyev, said the film, "The Deer Hunter," was "especially unacceptable" at a time when Vietnam was being "subjected to a barbaric aggression by China." Asked if the conflict between Peking and Hanoi was decisive in the Soviet film walk-out, he replied "da," the Russian word for "yes."

The U.S. director of the film, Mr. Michael Cimino, said he had not intended to make a "political" film, but only a "film about people caught up in an ugly war." The portions of the film to which the Russians mainly object show three U.S. soldiers handed a pistol by North Vietnamese soldiers and told to play a version of Russian roulette.

Herr Dietrich Stobbe, West Berlin's mayor, said the city government has "no sympathy for this move" by the Soviet Union. He said that a "plurality of opinions is essential for our festival."

Italy turns to an older generation

BY PAUL BETTS IN ROME

SOME 36 years after the collapse of Fascism, Italy is falling back on one of the last representatives of the pre-Fascist generation to try to resolve its apparently insoluble political crisis.

The decision to turn to Sig. Ugo La Malfa, 75-year-old leader of the small but influential Republican Party, a Deputy Prime Minister and several times Minister in earlier coalition governments, reflects the impasse that has increasingly blocked the Italian political system since the foundation of the republic after the Second World War.

Sig. La Malfa is the first non-Christian Democrat politician to be asked to form a government in the country's post-war history. This alone is a measure of the seriousness of the situation in Italy, now in its fortieth government crisis since the fall of Fascism in 1943, facing a renewed and fierce wave of political violence, and continuing dire economic and social difficulties.

The choice of Sig. La Malfa is part of a political process that began 11 months ago with the kidnapping and murder of Sig. Aldo Moro, the Christian Democrats' undisputed leader.

Sig. Moro had been the main advocate of a policy of collaboration between the two main parties: the Christian Democrats and the Communists. This came to fruition, to some extent, in the last Christian Democrat Administration of Sig. Giulio Andreotti which was formed on the very day Sig. Moro was kidnapped by Red Brigade extremists.

It involved a governing alliance in which the minority Administration of Sig. Andreotti was supported in parliament by the Communists and Socialists, together with the backing of the smaller Republican and Social Democrat parties.

The fundamental concept was to enable the formulation of an all-party programme to tackle the most pressing economic, social and law and order problems, while laying the basis for a truce between the Christian Democrats and Communists, which account for more than 70 per cent of the electorate.

The election as President last July of Sig. Sandro Pertini, an 82-year-old Socialist and well-known anti-Fascist personality, following the resignation of Christian Democrat Giovanni Leone, was a demonstration of the new political pact. After 15 inconclusive ballots, and after the main parties' candidates were dropped, Sig. Pertini was regarded as an acceptable compromise.

Sig. La Malfa faces the Press.

But the governing alliance has collapsed in the face of renewed hostilities between the Christian Democrats and the Communists. The latter have publicly accused the ruling party of breaking the collaboration pact and of no longer following Sig. Moro's policies. But the party's hard line, and its demands for direct participation in any government of "national unity," are also a reflection of its own internal difficulties.

The Communists found the alliance uncomfortable. The leadership has been coming under attack from its left and the party has seen its electoral support decline in regional elections. Indeed, since adopting a hard line, the Communists are apparently regaining some electoral ground.

During the past two weeks, Sig. Andreotti, the outgoing Prime Minister, has attempted to rebuild a parliamentary majority to support a minority Government. But on Wednesday night, he was compelled to admit defeat in view of the deadlock between his own party and the Communists and the decision of the smaller socialist party to remain a neutral.

The President has now swiftly taken matters into his own hands by summoning his old friend Sig. La Malfa, the speed of the move took by surprise most political leaders who had expected the President to open a new round of consultations with the main parties before asking someone to attempt to form a government.

Sig. Pertini is opposed to an early general election, and clearly feels Sig. La Malfa may have a chance where Sig. Andreotti has failed. But the very choice of someone in many ways similar to himself and part of his own generation perhaps indicates that generations inborn lack of confidence in Italy's post-war politicians.

Although the Republican Party is neglibigle in terms of votes, Sig La Malfa has always been at the centre of Italian political life. He is regarded as a bit of a guru. In the 1930s he was a member of Justice and Liberty, the only active political anti-fascist movement, apart from the Communists.

When it became the Action Party in 1941, Sig La Malfa was one of its founders. But when in the first post-war elections, in 1948, the electorate voted for the old pre-Fascist parties, Action Party was swept away and Sig La Malfa joined the Republicans.

A Scilian, he quickly gave the party a more liberal and progressive look. He became an enthusiastic sponsor of bringing together the Roman Catholic electorate and the Socialists. Together with Sig Aldo Moro, he was a prime mover of the centre-left formula of the sixties which subsequently collapsed.

He is now, like Sig Moro was, committed to a political formula of all-party collaboration and national unity to resolve the county's fundamental economic and social problems. He is also a committed European and one of the most ardent promoters of Italian membership of the European monetary system.

Unfailingly and controversially, he has criticised the distortions of the Italian economic system and called for a rigorous incomes policy, including a radical reform of Italy's highly inflationary automatic wage indexation mechanism, the so-called scala mobile.

Despite his reputation for political and personal integrity and the respect even of his antagonists, Sig La Malfa's chances of success appear slender. The Communists, who like the Socialists welcomed yesterday the president's choice, are likely to continue to press for their inclusion in any new government and the Christian Democrats will doubtless veto this.

Whatever the outcome, however, President Pertini's decision to ask Sig. La Malfa to try to form a government is significant and could have important repercussions. For the first time since the constitution of the Italian Republic, the Christian Democrats appear to have lost their sovereign right to govern. This is bound to have an effect on the electorate at large.

La Malfa begins his task

BY RUPERT CORNWELL IN ROME

SIG. UGO LA MALFA plans to begin talks this afternoon with party leaders in the uphill task of trying to end the political deadlock.

After his appointment by President Sandro Pertini yesterday, the Republican Party leader said he would attempt to rebuild the five-party majority which backed the previous Christian Democrat administration of Sig. Giulio Andreotti.

His chances of success, however, are universally held to be slim, and a general election in the spring seem likely.

Sig. La Malfa, who has long advocated vigorous pay and financial policies to tackle Italy's problems, is likely to lay great emphasis in his consultations on the need for an agreed economic programme

The importance of such measures, and the difficulty of applying them, was underlined yesterday by a four-hour national strike by 1.5m engineering workers in support of their three-year wage contract claim, which employers argue would add 43 per cent to labour costs by 1981.

This stoppage, to be repeated next week, came 24 hours after news of a 1.9 per cent jump in prices in January. This has highlighted the danger of a protracted political hiatus when stiff policy decisions might be required.

Portuguese postpone debate on the budget

BY JIMMY BURNS IN LISBON

PORTUGAL'S Parliamentary Commission for Economic Affairs has declared the Government's budget proposals "incomplete" and has proposed that debate on them be postponed until the middle of next month.

The Commission's resolution, approved unanimously by representatives from all the major political parties, is a setback for the Government's attempts to win speedy approval for its crucial short-term economic policies.

According to the Commission, the proposed budget contains insufficient information on vital matters such as the receipts and expenditure of local authorities, debt servicing requirements, and allocations to the public sector. The Government has also been criticised for not providing an accompanying document justifying its tough austerity budget.

The budget, published after last-minute delays last Friday aims at stricter control of public and private spending and breaks a Government pledge to lessen the tax burden this year.

The Government's short-term economic policies have also come under fire from the recently formed non-Communist trade union, the General Union of Workers (UGT) which has the backing of the Socialist and Social Democrat (PSD) parties. The UGT criticised the tax increases as well as the budgetary allocation to the armed forces. According to the union, the Government should now be looking at ways of cutting down on military expenditure.

Lorraine steelworkers fight new battles on old battlefields

BY DAVID WHITE IN PARIS

THE ONLY time that the limelight falls on Lorraine is when it is being fought over. The battle of Verdun lasted two years and the battlefields on the way from Paris to the steel-producing valleys still show the blemishes. Industrial Lorraine, symbol of a new belligerent mood on the French labour front, is digging in for another struggle. It threatens to be, like Verdun, long, wearing, costly and permanently scarring.

As other depressed regions, such as the heavy industrial concentration around Lille, jostle for their share of publicity, a map is emerging of the uneven wear and tear that the economic slowdown has caused to France's social fabric. Marseilles, La Rochelle, Valenciennes and Saint-Etienne have all become seats of unemployment and discontent. But the plight of Lorraine is undoubtedly the most graphic example of unrest.

Popular anger seems out of character in a region so solidly traditional, loyal and conservative, which unlike Brittany, Corsica or neighbouring Alsace has no autonomy movement and much less of a separate linguistic or cultural identity.

But the props which have held Lorraine up since the industrial revolution, the sources of wealth which guaranteed work and which French and Germans repeatedly fought over, have been collapsing one by one—the coal mines, the iron mines, and now, if the Government sticks to its plans, a large part of the steel industry.

In Lorraine, life revolves around the steelmills. It was not until the extent of the latest cutbacks was rammed home—another 13,000 to 14,000 jobs to go, with more than 12,000 already lost in this region alone—that Lorraine began to believe it was really threatened.

Since the beginning of the winter, the balance between resignation and revolt has swung towards the latter. Even moderate union leaders warn that feelings could easily overstep the boundaries of a narrow industrial dispute. The idea that whole towns are at stake has rallied people in a way that pay or politics could not.

The touch-paper of this powderkeg is Longwy, an isolated, ugly little town in the "high country" up near where France, Belgium and Luxembourg all meet. Longwy too is where the Usinor-Chiers steel group is based. The town's promising future has been suddenly and unexpectedly aborted in the new Government "rescue plan" for the industry. In total, it will have lost over 7,000 jobs in two years. In Northern Lorraine, unlike the Ruhr, there are no other industries today for these workers to go to.

"I wouldn't go to Longwy if I were you," a man said at Hayange, one of the maze of steel towns around Thionville. It was last Friday and he was manning a strike barricade to cut off road traffic. He explained that he worked at the local rolling-mill, where 10 per cent were being made redundant. "But up at Longwy they have really got their backs against the wall. They're damn fierce."

The movement at Longwy is certainly impressive. There is a colossal slagheap dominating the town and its grimy steelworks, and at the peak of it they have put up a neon sign, flashing on and off—"S. O. S." Every public building in the town has either shown solidarity or been occupied or attacked. Shopkeepers, with little choice but to back the steel unions, have all put up black-bordered notices in their windows: "The tradesmen of the Longwy basin regretfully inform you of their forthcoming demise. . . ."

LAB—5

Union leadership cannot always control events. This is less the case among the CGT Communists than in the second union, the CFDT, where Maoist groups are said to be active. It is a situation which could easily deteriorate.

In Lorraine, the balance between resignation and revolt has swung towards the latter. Even moderate union leaders warn that feelings could easily overstep the boundaries of a narrow industrial dispute. The idea of unemployment sweeping through the region has rallied people in a way that pay or politics could not.

"It seems to us here in Longwy," the joint union council said recently, "that the Government is manoeuvring for time in the hope that the conflict will wear itself out." The *Longovicians* are determined that it will not. Their blood is up.

Last week's steel strike, massively backed in Lorraine and in the Lille region, was the most potent popular challenge seen so far to the implications of the Barre Government's economic strategy. It assured for the steel industry and Lorraine a place in the forefront of political concerns.

The strike's importance can be gauged in the context of a peculiar party line-up, where three parties out of four oppose the degree of economic restraint being imposed, and where two out of four (one in the majority and one in the opposition) are becoming increasingly hostile to the EEC. It is the EEC's master-plan for steel that France is simply obeying. Both of these parties have firm grass-roots support in Lorraine—the Communists in the north and the Gaullists farther south.

They are able to play on an ambiguous and volatile mix of feelings—nationalistic, anti-German and regional. Racial feeling, although the unions preach in favour of the immigrant workforce, is also high.

The Government has not handled things well. The steel industry cutbacks which, including the final redundancies of the previous two-year plan will reduce the workforce by 23,000 by the end of next year, came late and drastically, long after France's steelmills had fallen way behind West Germany's, Belgium's or Italy's in terms of output per worker.

The Government has insisted that the measures cannot be repealed. It waited until after last year's parliamentary election to reorganise the industry and needs to get the business over with before the next presidential election in 1981.

What can the Government now offer? It can possibly be more flexible on the redundancy timetable. It can step up its offers of compensation, as President Giscard d'Estaing implied it would when he spoke recently of the "despair" and "fury" of France's steelworkers A lower age, possibly 50, for early retirement and provisions for interim jobs, on the Belgian model, can according to Government calculations mop up 10,000 to 15,000 of the redundancy cases.

New industries are being lured in. Mr. Henry Ford II is due to discuss his new European car factory plans with M. Giscard around early April. General Motors might provide an alternative, and M. Pierre Messmer, chairman of the Lorraine regional council, speaks confidently of 20,000 new jobs.

But people have grown suspicious of promised "phantom" factories. A new lorry plant was due to be built in Lorraine, but it has been delayed and the lorry industry is in no fit state to expand.

The unions are sticking to their struggle to save steel production. It seems hopeless, but they have at least got the Government to talk about the plan are are today meeting M. Andre Giraud, the Industry Minister. The Communist Party has called for solidarity protests today and tomorrow, and the unions are planning mass marches on Paris at a later date.

It appears increasingly likely that the Government will have to face up to a choice between negotiation and confrontation. Violent incidents have proliferated in recent weeks—kidnapped executives, blocked roads and railways, truckloads overturned—in an unpredictable pattern.

During last Friday's strike, police stayed well clear in Lorraine, although they clashed with demonstrators in the neighbouring department of the Ardennes, a new flashpoint. The kid-glove approach shows that things have changed since 1968. So have the unions, which had some hard lessons to learn in the over-long Lip watch factory struggle. They were disillusioned too after the Left's election defeat last year, and are divided both at the shopfloor and leadership levels.

But the shadow of 1968 is still present, and perhaps explains the President's sudden concern and the conspicuous absence of riot police. The authorities know what could be set off, and they have every reason to beware of a slow-burning fuse.

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Australian Finance Minister resigns after policy clash

BY JAMES FORTH IN SYDNEY

MR. ERIC ROBINSON, Australia's Finance Minister, resigned suddenly yesterday and has been replaced, on a temporary basis, by the existing Treasurer, Mr. John Howard.

Mr. Malcolm Fraser, the Prime Minister, announced the resignation to a hushed House of Representatives late last night only hours after receiving a three-page letter of resignation from Mr. Robinson. Immediately after announcing the resignation, the Government used its numbers to force an adjournment of the House, but not before Mr. Bill Hayden, the leader of the federal Opposition, said that the resignation amounted to a vote of no confidence in the Government.

"It is well known about the Parliament that the Minister for Finance has resigned because of the overbearing manner of the Prime Minister in conducting the affairs of cabinet," Mr. Hayden said. The Prime Minister gave no reason for the resignation and Mr. Robinson refused to give any clarification. "I am leaving all comments to the Prime Minister," he said.

Mr. Robinson's resignation follows a series of clashes within the Government over financial policy, particularly the handling of indexation of pensions, an issue he is known to believe the Government mishandled.

Mr. Fraser is believed to have asked Mr. Robinson to reconsider the resignation before making the announcement to Parliament. Mr. Robinson sat on the back benches while Mr. Fraser announced his decision. After Parliament adjourned, the Prime Minister called an unscheduled meeting of the full ministry, presumably to discuss the crisis.

Mr. Robinson has had a relatively brief but controversial political career. A former businessman, he was president of the Queensland division of the Liberal party before he was elected to federal Parliament in 1972. Within three years he was Minister for Capital Territory and in 1976 was promoted to Minister for Post and Telecommunications and Minister assisting the Treasurer.

When Mr. Fraser split the Treasury portfolio to create a Finance Ministry, Mr. Robinson assumed the role.

Rhodesia stops flights to Wankie game reserve

BY TONY HAWKINS IN SALISBURY

THE Rhodesian tourist industry received a fresh blow yesterday when Air Rhodesia announced the termination of its flights to and from Wankie Game Park in northwest Rhodesia, with effect from this weekend.

Air Rhodesia gave no reason for this move which cuts off one of Africa's most impressive game parks from international tourist traffic, but the obvious explanation for the decision is the security situation.

At the same time Air Rhodesia announced—again without explanation—revised schedules for its flight to two other major Rhodesian tourist resorts—the Victoria Falls and Kariba.

These moves follow last week's shooting down of an Air Rhodesia Viscount by Patriotic Front guerrillas minutes after the civilian airliner had taken off from Kariba. Air Rhodesia said that evening flights to and from Kariba will end this weekend and in future there will be only a daily morning flight from Salisbury to Kariba. Both the Viscounts shot down by guerrillas in the last five months were evening flights leaving Kariba Airport.

The tourist flights linking Salisbury with Kariba, Wankie and the Victoria Falls have also been terminated and the Falls and Kariba will be serviced by direct flights from Salisbury and Bulawayo. Immediately following the Air Rhodesia announcement, Meikles Southern Sun, the country's largest hotel group announced the closure of its safari lodge at Wankie.

Lebanese Christians oppose new mandate

By Ihsan Hijazi in Beirut

THE SITUATION in Lebanon appears to be building up toward a new crisis. Two right-wing Christian leaders, Mr. Camille Chamoun and Mr. Pierre Gemayl, are strongly opposing an extension of the mandate of the Syrian-dominated Arab League peace-keeping force, which expires in April.

Similar declarations preceded the large-scale fighting between Syrian troops and Christian militias last autumn, which left hundreds dead and lasted for two weeks before a ceasefire came into effect at the beginning of October. Christian militias are reported to be determined this time to get the Syrians out of the Christian suburbs of Beirut altogether.

The situation threatens to cause added tension at a time when Egyptian and Israeli negotiators are trying to revive the stalled Middle East peace process at Camp David in the U.S. Christian militia leaders have not denied reports in the left-wing Press that Israeli arms have been pouring in to the Christian port of Jounieh. Deliveries reportedly include tanks and heavy guns.

About 30,000 Syrian troops form the backbone of the Arab League force. Saudi Arabia and the United Arab Emirates provide 1,600 men, but a further 1,000 Sudanese troops are being withdrawn. In an attempt to head off trouble President Elias Sarkis, who wants the mandate for the force extended, is sending the Prime Minister, Dr. Selim al Hoss, on a tour of Arab states next week. Mr. Fuad Butros, the Foreign Minister, is planning visits to France, Britain, West Germany, the Vatican and the U.S. to enlist their assistance over what is called here the Israeli threat to South Lebanon.

Roger Matthews writes from Cairo: A delegation of Palestinian moderates from the Israeli-occupied Gaza Strip has again urged Egypt not to sign a peace agreement on the terms that were negotiated at Camp David last September. The attitude of the people of Gaza is a vital issue because President Anwar Sadat has suggested that the Camp David plan for Palestinian autonomy might first be put into operation in Gaza and only later on the West Bank of the Jordan.

Chinese troops 'dig in 28km inside Vietnam'

BANGKOK—China has moved reinforcements into northern Vietnam and its troops are now digging in, informed sources in Bangkok said yesterday.

The sources said the Chinese had superiority in numbers and weapons and were waiting for Vietnamese regular army units moving north to face them.

The Hanoi correspondent of the Japanese Communist party newspaper Akahata (Red Flag) said that after taking the north-western provincial capital of Lao Cai on Tuesday, the Chinese had moved south and were digging in 28 km (17 miles) inside Vietnam.

The sources in Bangkok said they could not confirm this report, but added that the main focus of activity was around Friendship Pass in the North-east, the traditional invasion route of Vietnam from China.

Vietnam said yesterday its forces had killed or wounded 12,000 Chinese troops in its northern territory after five days of fighting and destroyed 140 tanks and armoured vehicles.

"The armed forces and people in the northern border area of Vietnam have wiped out an important portion of their (Chinese) forces," Radio Hanoi said.

The Radio, monitored in London, said the Vietnamese had destroyed many military vehicles, destroyed numerous artillery positions and seized large quantities of weapons and equipment.

The aim of the Chinese attack is still not clear but that it looks as if Peking forces are trying to draw the Vietnamese regulars into a set battle, according to the Bangkok sources.

"If the Vietnamese mix it, they're going to be in trouble," one source said.

"The Chinese have a healthy superiority in everything except battle experience."

China's armed forces, totalling nearly 4m men, outnumber the Vietnamese by six to one but have not fought any significant battles since the border war with India in 1962.

The sources said there had been air activity but no sign of dog-fights or planes of either side being shot down so far.

The Chinese moved hundreds of planes within easy striking distance of the Vietnamese border in the month-long build-up to the military strike, and their aircraft outnumber the Vietnamese planes which are mostly based around Hanoi.

The Vietnamese Communist Party newspaper Nhan Dan said in an editorial yesterday: "The speed and scale of world reaction to the present Chinese aggression are greater than they were to the U.S. air war on North Vietnam.

"World public opinion is aroused almost as much by this aggression as by (former U.S. President Richard) Nixon's air blitz on Hanoi and Haiphong in December 1972."

The newspaper accused China of planning the strike with "the leaders of imperialist countries," Hanoi's code for the U.S., which was visited by senior Chinese Vice-Premier Deng Xioping (Teng Hsiao-Ping) last month.

Meanwhile in Moscow the Soviet Press yesterday made a sharp personal attack on President Carter for his reaction to China's invasion, accusing him of justifying aggression by Peking.

The unusually direct Soviet rebuke came in a report by the official news agency Tass, printed in the Communist party daily Pravda, on President Carter's speech in Atlanta on Tuesday.

Tass quoted the President's appeal to all sides in the conflict to show restraint and commented that his speech contained no condemnation of China.

In Peking, Chinese vice-Premier Gu Mu (Ku Mu) yesterday explained Peking's reasons for launching its "counter - attack" against Vietnam to Mr. Roy Jenkins, President of the EEC, who had a three-hour meeting with him.

EEC sources said Mr. Gu had merely followed the line of Saturday's statement announcing the move as a reaction to continuing Vietnamese provocations and aggression along the border.

Reuter

Hong Kong, China direct passenger train

BY JOHN ELLIOTT IN HONG KONG

PASSENGER train services may be running across the Chinese border in April between Hong Kong and Canton for the first time in 30 years. Hitherto, passengers had to change trains and walk across the border.

This will mark a significant step forward in the normalisation of contacts between Hong Kong and China, and follows the introduction of air and hovercraft services to Canton last year. It shows the continuing determination of China to rebuild contacts with other countries, illustrated by its courtship of the U.S., and its welcoming of foreign delegations to Peking. Talks on the railway service have continued, despite the Vietnam invasion.

Plans are going ahead for modernising the railway tracks on both sides of the border, so that existing slow diesel rolling-stock is replaced by faster electric service. There is strong national competition for the contracts involved.

The prospect of the through-service being opened follows a 10-day visit to Hong Kong by the Guangzhou (Canton) railway administration for talks with the Hong Kong Government's Kowloon Canton Railway (British section). The initiative was taken by the Chinese Government.

Following the talks, it was announced yesterday that "initial agreement" has been reached on the main technical aspects and that other preparatory work is now to be speeded up. Although those involved are not prepared to forecast when the through-service will open, it is believed that a target date has been set for early April.

Since 1949 passengers have had to change trains at the border, 20 miles from Hong Kong, and walk 300 yards across the Lo Wu bridge, before continuing their journey for the remaining 80 miles to Canton. When the service resumes, Chinese coaches will be used, because Hong Kong's short haul rolling-stock has no facilities for long journeys. Use of the railway has increased considerably in recent months, as relationships with the Chinese have eased.

Third World call for economic reform

BY MICHAEL HOLMAN IN LUSAKA

"OURS is bound to be a tortuous, uphill journey," warned Mr. Amir Jamil, the Tanzanian Minister of Transport, winding up the fourth Ministerial conference of the Group of 77 after its endorsement of the "Arusha programme for collective self-reliance," the Third World negotiating framework for UNCTAD V in Manila next May.

The 117-member "trade union of the poor," as President Julius Nyerere of Tanzania pointed out in his opening address, does not have a strike fund," and hunger strikes are not the weapon of the starving."

Thus the Group's preparations for UNCTAD were in part marked by a realistic appraisal of its strengths and weaknesses, and of the difficulties of persuading developed countries to accept the programme's call for fundamental reforms of the world economy. This realism was accompanied by a widespread acceptance from the 1,000 delegates of President Nyerere's plea for a common negotiating front.

But there was also anger and frustration at the inadequate progress towards a new international economic order.

The programme itself includes renewed efforts to establish a Common Fund to stabilise commodity prices and to introduce a legally binding code of conduct for the transfer of technology to developing countries. It also advocates changes to the International Monetary Fund as well as a range of structural reforms of the international trade and monetary system.

It calls for a large-scale transfer of resources to developing countries "Enhanced economic activities in the Third World," argued Dr. O. Adewoye, Nigeria's Commissioner for Economic Development, "would lead to more demand for industrialised goods and services from the older industrialised nations precisely because the economies of nations are becoming more and more interrelated."

Criticism of progress since UNCTAD IV was not confined to attacks on Western nations. From the same delegate came strong condemnation of East bloc performance . . . . "No less aggressive or assiduous than the transnationals of the West in seeking to tap the resources of the Third World."

Whether the unity achieved at Arusha will hold up in Manila remains to be seen. Dr. Nyerere spoke bluntly of the dangers of sub-groups within the Group of 77 accepting concessions, and then losing interest in the wider struggle.

Despite these reservations, two conference decisions stand out. Overcoming initial objections from Argentina, Brazil and Colombia, the Group agreed to a mandatory minimum contribution by each country of $1m to the Common Fund.

How much will depend on the outcome of the forthcoming third conference on the Fund, to be held in Geneva next month.

Secondly, the Group appointed a 21-member committee to study the possibility of establishing a Third World secretariat in an attempt to match the research facilities of developed countries. "Without such a secretariat," warned Mr. Jamal, "the group is ordained to be for ever at the receiving end of initiatives . . . devised by the powerful and rich."

President Julius Nyerere

LEGAL NOTICES

No. 002374 of 1978

In the HIGH COURT OF JUSTICE Chancery Division. In the Matter of THE CALCUTTA ELECTRIC SUPPLY CORPORATION LIMITED and in the Matter of THE COMPANIES ACT 1948.

NOTICE IS HEREBY GIVEN that a Petition was on the 30th day of January 1979 presented to Her Majesty's High Court of Justice for (a) the sanctioning of a Scheme of Arrangement and Amalgamation and (b) the confirmation of the reduction of the capital of the above-named Company (hereinafter called "the Company") from £10,000,000 to £3,837,361 by the cancellation of the whole of the issued capital of the Company other than the £7 Ordinary Stock beneficially owned by The Calcutta Electric Supply Corporation (India) Limited in accordance with the said Scheme of Arrangement and Amalgamation.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before The Honourable Mr. Justice Vinelott at the Royal Courts of Justice, Strand, London, on Monday the 12th day of March 1979.

Any Creditor or Stockholder of the Company desiring to oppose the making of an Order for the confirmation of the said reduction of Capital should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the under-mentioned Solicitors on payment of the regulated charge for the same.

Dated this 23rd day of February 1979.
LINKLATERS & PAINES (ARob.),
Barrington House,
59-67 Gresham Street,
London, EC2V 7JA.
Solicitors for the Company.

Company Petition No. 48 of 1979
Connected with
Company Application No. 345 of 1978
IN THE HIGH COURT AT CALCUTTA
Original Jurisdiction
IN THE MATTER OF
THE COMPANIES ACT, 1956
AND IN THE MATTER OF
SECTIONS 391, 392, 393 and 394
of the said Act
AND IN THE MATTER OF
THE CALCUTTA ELECTRIC SUPPLY CORPORATION LIMITED
AND IN THE MATTER OF
THE CALCUTTA ELECTRIC SUPPLY CORPORATION (INDIA) LIMITED
1. The Calcutta Electric Supply Corporation Limited
2. The Calcutta Electric Supply Corporation (India) Limited
Petitioners.

On the 6 February 1979 a petition was presented to the Calcutta High Court by the petitioners under Section 391 (2) of the Companies Act, 1956 ("the Act") for confirmation of a Scheme of Arrangement and Amalgamation proposed to be made between the petitioner No. 1, The Calcutta Electric Supply Corporation Limited (hereinafter called "CESC") and its Preference and Ordinary Stockholders and Debenture Stockholders for amalgamation with the petitioner No. 2, The Calcutta Electric Supply Corporation (India) Limited (hereinafter called "CESC Ind"). Under the said Scheme the undertaking of CESC will be amalgamated with that of CESC Ind. On the 6 February 1979 the Court ordered that notice of the said petition should be advertised.

The hearing of the said petition has been fixed for the 12 March 1979. Any person interested in the matter and desirous of supporting or opposing the said petition should send to the petitioners' Advocates the notice of his intention to do so signed by him or his Advocate not later than two days before the date fixed for hearing of the petition. Where he seeks to oppose the petition the grounds of his opposition or a copy of his affidavit must be furnished with the notice. A copy of the petition will be furnished by the undersigned to any person requiring the same on payment of the prescribed charges therefor.

Dated this 8th day of February 1979.
ORR, DIGNAM & CO.,
Petitioners' Advocates,
29, Netaji Subhas Road,
Calcutta: 700 001.

No. 0060 of 1979

IN THE HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of ENEVER DAVIDSON ASSOCIATES LIMITED and in the Matter of The Companies Act 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding up of the above-named company by the High Court of Justice was on the 9th day of January 1979 presented to the said Court by LRC INDUSTRIAL HOLDINGS LIMITED of Sanitas House, Stockwell Green, London, SW9 9JJ, judgment creditors, and that the said Petition is directed to be heard before the Court sitting at The Royal Courts of Justice, Strand, London, WC2A 2LL on the 12th day of March 1979, and any Creditor or Contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any Creditor or Contributory of the said Company requiring such copy on payment of the regulated charge for the same.

KENNETH BROWN BAKER BAKER,
Lincoln House,
296/302 High Holborn,
London WC1V 7JX.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named, notice in writing of his intention so to do. The Notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any), and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than 4 o'clock in the afternoon of the 9th day of March 1979.

IN THE MATTER OF
CANNON PRODUCTS (DISPLAYS) LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 27th day of March, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned, KEITH DAVID GOODMAN, FCA, of 3/4 Bentinck Street, London, W1A 3BA, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 13th day of February, 1979.
K. D. GOODMAN, FCA,
Liquidator.

THE COMPANIES ACTS 1948 TO 1976
FAREBROTHER & COMPANY LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of
LEONARD CURTIS & CO.,
situated at
3/4 Bentinck Street,
London W1A 3BA
on Friday, the 2nd day of March 1979, at 12 o'clock midday, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 16th day of February, 1979.
By Order of the Board,
R. WILLIAMS, Director.

THE COMPANIES ACTS 1948 and 1976
HORNBIRCH CONSTRUCTION FINISHES LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of Leonard Curtis and Co., 3-4 Bentinck Street, London, W1, on Friday, the 2nd day of March 1979, at 12 oclock midday, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 15th day of February 1979.
By Order of the Board.
B. D. BIRCH,
Director.

THE COMPANIES ACTS 1948 to 1976
J. D. HANTSON LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of Leonard Curtis and Co., situated at 3/4 Bentinck Street, London W1A 3BA on Thursday, the 1st day of March, 1979, at 12 o'clock midday, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 14th day of February 1979.
By Order of the Board,
M. J. HANTSON,
Director.

COMPANY NOTICES

ENSO-GUTZEIT OSAKEYHTIO

9¼% Guaranteed Bonds of 1976 due 1984

Notice is hereby given to Bondholders that, during the twelve-month period ending February 10, 1979, no Bonds have been purchased.

Amount outstanding: UA 24,075,000.

February 23, 1979.

ENSO-GUTZEIT OSAKEYHTIO

BANQUE NATIONALE DE PARIS

Floating Rate Note Issue of U.S.$ 125 million February 1979/91

The rate of interest applicable for the six month period beginning February 22 1979 and set by the reference Agent is 11⅛% annually.

EUROPEAN COAL AND STEEL COMMUNITY

9% 1978/1993 US $ 25,000,000

Notice to the holders of Bonds of the issue 9% 1978-1993 of US$25,000,000, made by the European Coal and Steel Community.

The Commission of the European Communities announces that the annual instalment of Bonds amounting to US$850,000 has been purchased for redemption on April 1, 1979.

Outstanding amount after 1/4/79: US$24,150,000

Fiscal Agent
BANQUE DE PARIS ET DES PAYS-BAS
POUR LE GRAND-DUCHE DE LUXEMBOURG

EUROPEAN COAL AND STEEL COMMUNITY

9¼% 1978/1998 US $ 25,000,000

Notice to the holders of Bonds of the issue 9¼% 1978-1998 of US$25,000,000, made by the European Coal and Steel Community.

The Commission of the European Communities announces that the annual instalment of Bonds amounting to US$850,000 has been purchased for redemption on April 1, 1979.

Outstanding amount after 1/4/79: US$24,150,000

Fiscal Agent
BANQUE DE PARIS ET DES PAYS-BAS
POUR LE GRAND-DUCHE DE LUXEMBOURG

THE CONVERTIBLE BOND FUND N.V.
(Incorporated with limited liability in the Netherlands Antilles)

Shareholders in the Fund are convened to attend the Annual General Meeting of shareholders to be held on Monday, 19th March, 1979 at 10 a.m. at the registered office of the Fund at Handelskade 24, Willemstad, Curacao, Netherlands Antilles.

The items on the Agenda are:
Report and Accounts 1978.
Proposal of a final dividend for 1978 to include an interim distribution of U.S.$0.18 paid in August 1978 and
Re-election of the Members of the Board of Management.

In order to attend the Meeting in person or by proxy and to have their votes registered at the Meeting, holders of bearer shares must deposit their share certificates (or a deposit receipt for their share certificates) mentioning their names, address and nationalities at the registered office of the Fund not later than 12th March, 1979.

By Order of the Board of Management.

Curacao.
23rd February, 1979.

THE GRESHAM STREET DOLLAR FUND N.V.
(Incorporated with limited liability in the Netherlands Antilles)

Shareholders in the Fund are convened to attend the Annual General Meeting of shareholders to be held on Monday, 19th March, 1979 at 11 a.m. at the registered office of the Fund at Handelskade 24, Willemstad, Curacao, Netherlands Antilles.

The items on the Agenda are:
Report and Accounts 1978.
Proposal of a dividend for the year 1978 of 10 cents.
Re-election of the Members of the Board of Management.

Shareholders may attend the Meeting either in person or by written proxy, which should be deposited at the registered office of the Fund not later than 12th March, 1979.

By Order of the Board of Management.

Curacao.
23rd February, 1979.

KINGDOM OF DENMARK
7¾% 1973/1988 FF.100,000,000

NOTICE IS HEREBY GIVEN to Bondholders of the above loan that the amount redeemable on April 15, 1979, i.e. FF.2,500,000 was bought in the market.

Amount outstanding: FF.85,000,000.

THE FISCAL AGENT
KREDIETBANK S.A.
LUXEMBOURGEOISE

Luxembourg,
February 23, 1979.

THE BIRMINGHAM MINT LTD.

NOTICE IS HEREBY GIVEN that a dividend of 2.1p per share in respect of the six months ended 31st March 1979 will be paid on 31st March 1979 to all preference shareholders registered in the books of the company at the close of business on Friday, 2nd March 1979.

By Order of the Board,
A. SINGER,
Secretary.

MINERALS AND RESOURCES CORPORATION LIMITED
(Incorporated in Bermuda)

NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER
PAYMENT OF COUPON NO. 87

With reference to the notice of declaration of dividend advertised in the press on 16th February, 1979, the following information is published for the guidance of holders of share warrants to bearer.

The dividend of 4 cents was declared in United States currency. The dividend on bearer shares will be paid on or after 30th March, 1979, against surrender of coupon No. 87 detached from share warrants to bearer as under:

(a) at the office of the corporation's continental paying agent:—
Credit du Nord,
6-8 Boulevard Haussmann,
Paris 75009

(b) at the London Bearer Reception Office of Charter Consolidated Limited, 40, Holborn Viaduct, London EC1P 1AJ. Unless persons depositing coupons at such office request payment in U.S. dollars (in which case they must comply with any applicable Exchange Control regulations), payment will be made in United Kingdom currency either:—
(i) in respect of coupons lodged prior to 16th March, 1979, at the United Kingdom currency equivalent of the United States currency value of their dividend on 20th March, 1979, or:
(ii) in respect of coupons lodged during the period 16th March, 1979, to 21st March, 1979, both days inclusive at the United Kingdom currency equivalent of the United States currency value of their dividend on 26th March, 1979, or:
(iii) in respect of coupons lodged on or after 22nd March, 1979, at the then prevailing rate of exchange on the day the proceeds are remitted to the London Bearer Reception Office.

Coupons must be left for at least four clear days (eight days if payment in United States currency has been requested) for examination and may be presented any weekday (Saturday excepted) between the hours of 10 a.m. and 3 p.m.

United Kingdom income tax will be deducted from coupons paid in the United Kingdom at the London Bearer Reception Office, unless such coupons are accompanied by declarations to the contrary in accordance with Inland Revenue requirements. Where such deduction is made, the net amount of the dividend will be 2.68 cents (U.S.) per share as follows:

	United States Currency Per Share
	cents
Amount of dividend declared	4.00
Less: U.K. income tax at 33% on the gross amount of the dividend of 4 cents	1.32
	2.68

In the case of payments made in U.K. currency the sterling equivalent of the net dividend will be calculated in accordance with sub-paragraph (b) above.

For and on behalf of
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
London Secretaries
J. C. GREENSMITH

London Office:
40, Holborn Viaduct,
EC1P 1AJ.
22nd February, 1979.

Q.P. CORPORATION
(Q.P. Kabushiki Kaisha)

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS ("EDRs")

EDR-holders are informed that the Sixty-sixth Ordinary General Meeting of Shareholders of Q.P. Corporation will be held at 10 a.m. (Tokyo time) on Tuesday, 27th February 1979 at the Head Office of the Company (6th floor conference room), 4-13 Shibuya 1-chome, Shibuya-ku, Tokyo, Japan, to transact the following business:—

1. Approval of the balance sheet as of 30th November 1978, business report and statement of income and proposed appropriation of retained earnings for the 66th business term from 1st December 1977 to 30th November 1978;
2. Election of eighteen Directors;
3. Election of two Statutory Auditors;
4. Granting of retiring gratuities to retiring Directors and Statutory Auditors; and
5. Revisions of officers' remuneration.

Copies of the business report, non-consolidated financial statements and further information on the matters to be considered at the above meeting, together with forms of proxy, are available at the office of the Depositary, Kleinwort, Benson Limited, 20 Fenchurch Street, London, EC3P 3DB, or the Agent, Banque Générale du Luxembourg S.A., 14 rue Aldringen, Luxembourg.

EDR-holders wishing to vote at the meeting should instruct the Depositary in writing by the close of business in London on 23rd February 1979 as to how they wish to vote. Instructions must be accompanied by either (i) EDRs evidencing the relevant number of Deposited Shares in respect of which they wish to exercise their voting rights or (ii) a certificate from the Agent (or from another bank approved by the Depositary) stating that the relevant EDRs have been deposited with it and are to be held in a blocked account until after the Meeting or any adjournment thereof.

KLEINWORT, BENSON LIMITED
Depositary

London.
21st February, 1979.

ART GALLERIES

HAMILTONS
13 Carlos Place, W.1

Leading Contemporary Artists, including Folon, Vasarely, Cohen and Rauch. Graphics including Moore and Hockney.

14 February-12 March weekdays and 10-1 Sats.

AGNEW GALLERIES, 43 Old Bond St., W.1. 01-629 6176. 106th ANNUAL WATER-COLOURS EXHIBITION. Until 25 February. Mon.-Fri. 9.30-5.30. Thurs. until 7.

BROWSE & DARBY, 19, Cork St., W.1. Philip Sutton—Recent Paintings.

CRANE KALMAN GALLERY, 178 Brompton Road, S.W.3. 01-584 7566. 20th CENTURY ENGLISH AND EUROPEAN PAINTINGS AND SCULPTURE including works by Dufy, Grosz, Hepworth, Miro, Moore, Nicholson, van Dongen, etc. Until 20 February. Mon.-Fri. 10-6. Sats. 10-4.

FIELDBORNE GALLERIES, 63, Queens Grove, N.W.8. 586 3600. EDWARD WOLFE, R.A. — SIXTY YEARS OF PAINTING. Mon.-Fri. 10-6, Sat. 12.30 to 3.

FINE ART SOCIETY, 148, New Bond St., W.1. 01-729 5116. BRITISH ARTS 18th-20th Century.

FISCHER FINE ART, 30, King St., St. James's, S.W.1. 01-839 3942. Recent work by two Canadian Realists: D. P. BROWN and JEREMY SMITH. Until 9 March. Mon.-Fri. 10-5.30. Sats. 10-12.30.

MARLBOROUGH, 6, Albemarle St., W.1. TOM PHILLIPS. Paintings, Watercolours and Drawings. Mon.-Fri. 10-5.30. Sat. 10-12.30.

NEW LITHOGRAPHS by Andre Bicat, published by sole agents, BOHUN GALLERY, Henley-on-Thames. Enquiries to Patricia Speirs, 049 12 6228.

REDFERN GALLERY. DAVID EVANS—Watercolours 1978. January 30th-February 28th. 20, Cork Street, London, W.1. Mon.-Fri. 10-5.30. Sats. 10-12.30.

AMERICAN NEWS

Trade unions ponder U.S. leaders

BY JOHN WYLES IN NEW YORK

FUTURE LEADERSHIP of both the United States and the American labour movement has begun to preoccupy representatives of 13m trade unionists meeting in Florida, this week.

Although the winter meeting of the executive council of the American Federation of Labour-Congress of Industrial Organisations (AFL-CIO) deals with a broad range of issues, constant prompting by the media is focusing attention on two imponderables: whether labour will support a bid by President Jimmy Carter for re-election and whether Mr. George Meany, at 84, will seek a 13th term as AFL-CIO president.

In some minds the two questions are linked. Relations between President Carter and president Meany are often testy. Although both continue to try to do business with each other, neither appears to have a clear understanding of, or sympathy for, the other's problems.

In the last few days, just a month after a "kiss and make up" session at the White House, Mr. Meany has again fired broadsides against the President's foreign and domestic policies. Mr. Meany maintains that President Carter was not "ordained by the Almighty" and that if he makes mistakes then labour will continue to criticise him.

Labour's intense dislike of Mr. Carter's 1980 budget proposals (because of their stinginess on social welfare spending) and of his pay restraint policy (because of its alleged unfairness) suggests an immense gulf between the White House and the AFL-CIO.

Some of Mr. Meany's colleagues on the AFL-CIO council are known to be disturbed by his outspokenness about President Carter. Despite Mr. Meany's undoubted dominance of the council, one or two staunch Meany loyalists have been edging away from him over the last few days. This may indicate a broadening of sentiment, hitherto the preserve of a handful of dissidents, that labour needs a more youthful image if it is to broaden its appeal and increase the woefully low proportion of workers belonging to unions.

For example, Mr. Sol Chaikin, president of the 350,000-member International Ladies' Garment Workers Union, floated the opinion that "it behoves U.S. to be a little more judicious" in criticisng the President so as avoid a mutually damaging rift between the AFL-CIO and the administration.

Mr. Chaikin went on to speculate that the federation should consider creating "a position like chairman of the board" for Mr. Meany, a surprising statement of lèse majesté from a Meany supporter. "They have a chairman of the board — here he is," retorted Mr. Meany later.

Mr. George Meany

Asked whether he would retire at the AFL-CIO's biennial convention in November, Mr. Meany said he had thought about it for a number of years "and I'll keep thinking about it for a number of years."

Meanwhile, Mr. Meany's deputy and heir apparent, Mr. Lane Kirkland, AFL-CIO secretary/treasurer, has indicated that he expects to be running for the number two job again. At the same time he has avoided speculating whether the movement would support President Carter in a re-election bid next year.

But he acknowledged that if the President is the official Democratic nominee then the odds were on him receiving labour's backing, largely because none of the Republican candidates would be seen as suitable unless there was a change of views comparable to "a conversion on the road to Damascus."

In addition, labour is not attracted by the idea of sitting on the sidelines as it did in the 1972 presidential election between Mr. Richard Nixon and Mr. George McGovern.

Some individual labour leaders have already sworn they will not support Mr. Carter and are casting around for an alternative. Governor Jerry Brown met construction union leaders in Florida last week but Mr. Meany does not like him much. Others would prefer Senator Edward Kennedy but many doubt whether he will seek the Democratic nomination.

Economy expanding vigorously

By Jurek Martin, U.S. Editor, in Washington

THE U.S. economy expanded even more vigorously in the final quarter of last year than the Administration had originally calculated, it was reported yesterday.

The Commerce Department announced that real gross national product in the last three months of 1978 had risen at an annual rate of 6.4 per cent, up from the initial estimate of 6.1 per cent.

However, the revised figures also confirmed a quickening of inflation, with prices, as measured by the GNP deflator, going up by an annual rate of 8.4 per cent in the final quarter, compared with 7.6 per cent in the previous three months.

In testimony on Capitol Hill yesterday, Mr. William Miller, chairman of the Federal Reserve Board, commented that the "surprisingly strong" rate of growth in the fourth quarter, while neither desirable nor sustainable in an inflationary environment, nonetheless meant that the economy had acquired some momentum which would militate against a sharp contraction in the first half of the year.

In fact, Mr. Miller argued that, despite public pessimism, in his view there was little evidence that "the economy is threatened with an actual contraction in activity" this year. He predicted slower growth in the second half of 1979, but maintained there were no signs of the imbalances in the economy which classically presage a decline into recession.

The chairman also noted that the economy was adjusting much more slowly to tight monetary policy than used to be the case. Earlier this week, he had announced some further tightening in the Fed's monetary growth targets. He forecast little hope for lower interest rates unless policies were changed to combat an actual recession.

As he has in previous appearances on Capitol Hill this week, Mr. Miller was not sanguine about dramatic progress in the fight against inflation—higher oil prices and payroll taxes, wages and food price pressure—which suggested no marked slowing from the 9 per cent increase in the cost of living experienced last year.

N.Y. insurance market agreed

BY STEWART FLEMING IN NEW YORK

NEW YORK State legislators have reached agreement on new proposals for the constitution of the planned New York insurance market, which it is expected will allow the new market to open for business later this year.

The proposals are due to be put to the state assembly and Senate on Monday, next week. Senator John R. Dunne, the Republican who heads the Senate insurance Committee, and who has been leading the opposition to the insurance exchange's original constitution and bylaws, has made it clear that the compromises which have been reached are acceptable.

Earlier in the month, objections by Mr. Dunne and his fellow Republicans prevented the legislature approving the insurance exchange's constitution and bylaws. This aroused fears that the exchange, which is seen as a potential competitor to centres in other parts of the world, including Lloyd's of London, might be prevented from opening for business in New York, and that another state might open such an international insurance market.

Under the compromise proposals, the opening date for the exchange has been moved from April 1 to March 1 1979, in order to give participants more time to prepare for actual business transactions, which are scheduled to begin on October 1.

Mr. Dunne's objections that the governing bodies of the exchange have no provision to allow foreign citizens to sit on the board of the exchange have been met by giving the board freedom to decide that up to one-third of its members can be foreign nationals.

Canada Government ready to act on price rises

BY VICTOR MACKIE IN OTTAWA

MR. WARREN ALLMAND, the Consumer Affairs Minister, said yesterday that "the Canadian Government might be prepared to withdraw its business from private companies which do not use their profits to help fulfil Canada's economic goals."

It was the first indication from a Cabinet Minister that Mr. Pierre Trudeau's Administration is prepared to act on its call to stop businesses from imposing large price increases for the sake of bigger profits.

The latest available Government spending figures show that the Department of Supply and Services, the main Government buyer, spent more than C$100m (£41.8m) during the first nine months of this fiscal year.

Mr. Allmand was speaking to reporters who said the Government appeared powerless to do anything about rising prices, now that its wage and price control programme has expired.

"If a company was blatantly acting against Government orders, there are ways open," Mr. Allmand replied, pointing out that the Government makes big purchases from private companies.

Canadian corporations reported a 38.9 per cent increase in profits, during the fourth quarter of last year, over the corresponding period in 1977. The Government's Statistics Office reported yesterday that industrial profits rose to C$4.24bn from C$3.05bn.

Blumenthal China trip goes ahead

MR. MICHAEL Blumenthal, the U.S. Treasury Secretary, will be conveying U.S. concern about the fighting between China and Vietnam in the course of an 11-day visit to China, on which he leaves tomorrow.

There had been speculation here that President Carter might call off Mr. Blumenthal's tour in protest against China's military incursion into Vietnam. But the White House has underlined the importance attached to his negotiations, which are principally designed to resolve the issue of assets frozen by both countries after the 1949 revolution in China which brought Mao Tse-tung to power.

Some observers had noted that when Soviet policy was offensive to the U.S. last year, Mr. Carter had no compunction in postponing a couple of high level official visits to Moscow in protest: a similar response, it had been suggested, might be appropriate on this occasion.

But, as the President stated in his Atlanta speech on Tuesday, normalisation of relations with Peking "is an accomplished fact and will not be reversed." Mr. Blumenthal's mission is intended to clear up obstacles to the full resumption of commercial contacts between the two countries; he is also due to be present at the formal opening of the U.S. Embassy in Peking on March 1.

The U.S. Treasury has estimated that China seized about $196m worth of U.S. property in 1949.

Carter orders reduction in aid to Afghanistan

WASHINGTON — President Carter yesterday ordered that the U.S. "severely reduce" its $15m foreign aid programme in Afghanistan, the White House announced.

Mr. Jody Powell, the President's Press Secretary, said also that a proposed $250,000 military aid programme is being cancelled.

Mr. Powell would not say that the reductions resulted from the killing of Mr. Adolph Dubs, the U.S. Ambassador in Kabul, but said instead that it resulted from a review of U.S. relations with Afghanistan which began last year, when a Soviet-backed regime seized power.

Mrs. Powell told reporters that the only remaining U.S. aid to Afghanistan will be "small development assistance projects already under way that address the least privileged sectors of Afghanistan."

President Carter has also refused to confirm or deny a published report of State Department cables alleging a Soviet role in Mr. Dubs's murder. Mr. Powell referred to the strong protests which the Administration made to Mr. Andrei Gromyko, the Soviet Minister after Mr. Dubs's death, and added that "we have no doubt" that the protest was based on accurate information.

Yesterday's editions of the Washington Post contained excerpts from what it said was a 14-page cable signed by Mr. Dubs's deputy, Mr. Bruce Amstutz, and written two hours after the killing.

AP

New Petro-Canada president

BY VICTOR MACKIE IN OTTAWA

Mr. Andrew Janisch has been appointed president of Petro-Canada, the Government-owned oil company, at a time when Canada's fastest-growing corporate empire is hoping for a year of quiet consolidation but is fearful that 1979 will see its epitaph written.

Austrian born Mr. Janisch, who is 48, has been promoted from vice-president in charge of operations. He moved to Petro-Canada in 1977, after 24 years as an engineer with Gulf Oil Canada.

Mr. William Hopper, the outgoing president, was a federal Government bureaucrat before his appointment, and the naming of "an oil man's oil man" is clearly related to the row which has blown up around the corporation.

The controversy broke last winter with Petro-Canada's $1.4bn (C$84m) takeover of the privately-owned Pacific Petroleums.

The acquisition aroused strong criticism from private petroleum companies, and businessmen generally denounced the Liberal Government for moving into the private sector in such a big way.

Mr. Joe Clark, the Opposition leader, has since pledged to abolish the corporation, if he takes office. With the calling of a general election expected in the next two months, Petro-Canada executives are anxious about Mr. Clark's statement. But they are carrying on with the work of digesting Pacific Petroleum and maintaining exploration.

Mr. Hopper has observed that natural gas exploration in the Arctic is entering a key phase and that the corporation's role is critical.

A prime vehicle for Petro-Canada investment in the north is Panarctic Oils, a consortium owned 45 per cent by the federal oil company, with the remaining 55 per cent spread among more than 30 private firms.

Mr. Hopper says Petro-Canada is providing 80 per cent of Panarctic funds because several other consortium members are disenchanted with Arctic exploration.

A boost for Petro-Canada's position came yesterday from Mr. Ed. Broadbent, the national leader of the New Democratic Party (NDP), who said the corporation should become the country's sole oil importer.

Canada, he said, is one of the few Western nations that has not given a government agency exclusive jurisdiction over imports.

The NDP leader's comments coincided with attempts by the federal Liberal Government to get contingency plans for oil and gas allocation and rationing through the House of Commons.

Mr. Broadbent criticised the Liberal Government for taking "cheap political shots" at Exxon Corporation of New York, parent company of Canada's Imperial Oil. Exxon decided last month to divert shipments of crude oil destined for Eastern Canada to other markets in the wake of the interruption of supplies from Iran. The move has prompted government talk of counter-measures, including the possibility of Petro-Canada competing for future oil-supply contracts.

Chinese arrive in Tokyo for negotiations on loan terms

BY RICHARD C. HANSON IN TOKYO

A THREE-MAN delegation from the bank of China arrived here yesterday to begin difficult negotiations on the financing of billions of dollars of imports from Japan over the next few years under the Japan-China long-term trade agreement.

Japanese bankers have already let slip their initial bargaining position and privately say the Chinese may have to accept their offer of commercial interest rates on dollar loans. The Chinese have so far shown little desire to do so, but the payments in cash on plant and equipment ordered already from the Japanese could make such borrowing necessary by the end of this year, the bankers say.

A group of 22 Japanese banks has reached agreement that they will start off the talks by offering a combination of six-month export financing credits to a limit of $6bn. Part of these loans will be converted on maturity into long-term loans under a five-year *syndicated loan pact* which would have a ceiling of $2bn.

The six-month loans, which would amount to a refinancing of Bank of China letters of credit to Japanese exporters, would carry a ¼ percentage point spread over Eurodollar rates. The *five-year syndicates* would be ⅜ percentage point over Libor.

The Japanese do not expect China will want to pay spreads as high as that (one banker said the Chinese want ⅛ point and ¼ point margins, respectively). Moreover, if would be rather remarkable if the Chinese would even consider borrowing on the basis of private international commercial rates. Agreements already reached with the UK and Italy last year have been heavily flavoured by Government funds.

The Japanese bankers have been insisting in preliminary discussion with the Chinese *that it will be impossible to* lend dollars at less than commercial rates. The Chinese have yet to say that they are willing to accept yen loans which could be cheaper because of the participation of the Export and Import Bank of Japan. The Chinese feel that the yen will probably continue to appreciate and are unwilling to bear the exchange risk.

Since last summer, there have been rumours that the Chinese would be willing to borrow at Eurodollar based rates. There have been a number of versions of the Chinese position on the matter, and a number of schemes seen at various times to be possible on the Japanese side.

It was believed by many bankers here that the Chinese would not be in the market for *a dollar syndication loan for* at least the next couple of years. All this speculation, of course, has been without any clear indication from the Chinese of what they are willing to do now.

China's need for loans from Japan will depend on how fast it wants to develop over the next few years. Japan is expected to export $7-8bn of plant and $2-3bn of construction materials by the mid-1980s. The bulk will probably come in the first years of the trade agreement. The pressure to pay in cash so far for the equipment ordered has already made it imperative that contracts signed from now on with Japanese exporters contain deferred payment agreements.

The Japanese bankers' offer for the five-year syndicated loan could possibly contain the understanding that even this will be paid back on a deferred basis after final maturity, effectively a built-in plan to reschedule before the initial agreement is even reached.

The Japanese banks feel the Chinese would be willing to take commercial loans in order to maintain the pace of the trade agreement. There is some feeling also that China's border troubles with Vietnam could be putting some strain on its domestic resources and that a quick infusion of foreign funds (even at higher rates) could help.

The Japanese bankers themselves will be somewhat cautious over cutting the margins on the loan interest rates to the Chinese for fear of being accused of extending cheap funds in a country which has no track record as a borrower. But they are also aware that the American banks have been stepping up their ties with the Chinese since the normalisation of U.S.-China diplomatic ties in January.

Financing for Nigeria steel works

By Francis Ghilès

NIGERIA and a group of West German and Austrian banks led by Deutsche Bank have finalised a loan package amounting to *$1.126bn for the financing* of the Warri steel project due to be built by West German and Austrian companies under the management of Gutehoffnungshuette Sterkrade.

Initially this package was to have been included in the $750m *medium term Euroloan Nigeria* signed with a group of Western banks last autumn.

Disagreement about the fees to be paid by the Nigerians to the German export credit organisation, Hermes, which is guaranteeing part of the loan, led to this package being withdrawn from the large Euroloan.

The $1.126bn package is denominated in D-Marks and Austrian Schillings and split in three tranches, two of them in D-Marks.

The first is a DM 750m ($404.9m) eight year commer*cial loan on which the borrower* is paying a split spread of 1 per cent for the first four years rising to 1½ per cent. These terms are identical to those the Nigerians paid for the $750m loan arranged last autumn.

The second tranche comes in the form of a DM 1.2bn ($647.9m) Hermes guaranteed export credit.

The third tranche amounts to Sch. 1bn ($73.6m) and is backed by the Austrian export credit organisation.

Japan's PM plans U.S. visit over trade problems

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

JAPAN'S PRIME MINISTER, Mr. Masayoshi Ohira, wishes to visit the U.S. "at some con*venient time" before the Tokyo* summit meeting of leaders of advanced industrial countries scheduled for late June.

Mr. Ohira told foreign journalists today that personal contacts between U.S. and Japanese leaders were essential for the "smooth resolution" of problems between the two countries.

He also claimed, however, that Japan was rapidly improving its trade performance vis-a-vis the U.S. Japan's imports from the U.S., according to figures cited by the Prime Minister rose 44.5 per cent in dollar terms in January over the level of a year earlier, compared with a rise of only 9 per cent in the first quarter of the current fiscal year (April-June, 1978). Exports to the U.S. were up 1 per cent *in January over year-ago levels* compared with a 32.9 per cent rate of increase in the April-June quarter.

Japanese economic planning agency director general Tokusaburo Kosaka said the U.S. is considering imposing import surcharges on Japanese goods to reduce its huge trade deficit with Japan, Reuter reports from Tokyo. He said the U.S. wanted Japan to boost its imports, set a higher economic growth rate and open its market for more foreign goods.

Mr. Ohira's anxiety to visit Washington reflects a widely felt concern in Japan that the Tokyo summit may not be successful unless the U.S. and Japan settle their bilateral economic differences before hand.

Mr. Ohira has so far had only a very brief meeting with the U.S. Ambassador to Japan, Mr. Mike Mansfield, but the two men are to have lunch on Monday, when Mr. Obira will try to find out what the U.S. regards as the minimum satisfactory steps needed to resolve bilateral trade frictions. Liberalisation of procurement by the state telecommunications entity, Nippon Telegraph and Telephone, appears to head the American list of demands, but Washington is also interested in greater freedom of action for foreign banks in Japan.

EEC textile industry protest

FINANCIAL TIMES REPORTER

THE EEC textile industry yesterday expressed serious concern about the development of negotiations on textile tariffs with the current GATT Tokyo Round of multilateral trade negotiations.

Comitextil, the body which represents the EEC textile industries, earlier this week met Viscount Davignon, EEC Commissioner for Industry, and Mr. Fernand Braun, Director-General of the Commission's Industry Department. It has now written to Commissioner Davignon to express its concern about developments.

In its letter to Commissioner Davignon, Comitextil has demanded a withdrawal of textile products from the present GATT negotiations.

Comitextil has pointed out that there is no sign that the EEC and U.S. tariff reductions will be reciprocated by other countries. Japan and Canada have made very disappointing offers, while newly industrialising countries such as Korea and Brazil have shown no signs that their growing economic strength should lead to a progressive reduction in their prohibitive tariff barriers.

W. Germany gains firm foothold with technology

BY JONATHAN CARR IN BONN

WEST GERMANY appears to have gained a firm foothold in the Chinese market for high technology—only months after signature of an accord between Bonn and Peking on co-operation in this field.

Leaders of Messerschmitt Boelkow-Blohm (MBB), the big aerospace and high technology concern based near Munich, have just returned from China with three agreements signed after "very tough negotiations."

They cover provision of television satellites, aircraft technology and modern hospital equipment. The value of the total business, some of it to be carried out with other German firms, is put at several hundred million D-marks. But it is felt that the agreements will lead to still bigger deals later.

None of the accords now reached with the Chinese is in the military sphere—and Bonn has publicly said it will not permit weapons sales to China. However, it is also noted that the line can be hard to draw between high technology capable of civil or military use.

One of the agreements, signed between MBB and the Peking Academy of Space Technology, covers joint research and development of the latest kind of TV satellites. The first few satellites are to be built in Germany, the later ones in China—with the first, it is hoped going aloft by 1984.

A second accord involves co-operation in fields including metal-fatigue, helicopter technology and instruments for flight testing. The third iinvolves delivery of MBB "Medilas" equipment — laser technology used in medicine, for example to stop bleeding and remove tumours.

UK's state industries earn exports of £2.5bn

FINANCIAL TIMES REPORTER

THE "little recognised" contribution of public enterprise to Britain's exports amounted to some £2.5bn in 1977/78, says Mr. John Smith, Secretary of State for Trade, writing in this week's issue of Trade and Industry. Total overseas earnings of the nationalised industries quadrupled in the six *years up to 1977/78 he adds.*

Visible exports, says Mr. Smith, "have now jumped from a negligible level before the nationalisation of the steel industry, to some £1.5bn for 1977/78." Mr. Smith also points out the major spin-off effects that this *has had for private* industry.

He lists several examples of nationalised industry export successes including:

- BSC's current £12m a year earnings from overseas consultancy and project management *services and direct steel exports* of £650m last year;
- Post Office consultancy projects in Libya worth nearly £17m over the last two years;
- Nearly £100m in export orders for rolling stock won by the British Rail subsidiary BRE-Metro since 1970;
- Coal and Coke exports worth £72m in 1977/78 and NCB consultancy earnings of £1.5m in the same year;
- British Aerospace's £200m order from Romania for the supply and manufacture under licence of BAC 1-11 airliners;
- A rise from £6m in 1974 to £27m in 1978 in the sales of isotopes for industry, medicine and research by the UKAEA's Radiochemical Centre.

In the financial year 1977/78, some 140 nationalised industry consultancy projects worth £133m were in hand compared with projects worth £80m a year earlier.

Japanese deal for BOC

BY SUE CAMERON

TWO JAPANESE companies—Ishikawajima Heavy Industries and Nichimen—are to import and market the UK-based BOC group's oxygen generating machines.

The two Japanese companies, which will sell the machines exclusively in Japan, estimate their initial annual sales at Y500m (£1.25m). The machines will be sold to the steel, paper pulp, textile and chemical industries in Japan.

BOC manufactures the machines in the UK under licence from the German-based company, Bergwerksveband.

Engine plant for Australia

BY JAMES FORTH IN SYDNEY

THE AUSTRALIAN Government yesterday announced a compromise plan to encourage the country's largest motor vehicle manufacturer, General Motors-Holden (GMH) to go ahead with a proposal to build a $210m (£120m) four-cylinder engine plant.

The plant is intended as part of the plans by the U.S. parent, General Motors, to produce a "world car" but GMH executives had said the project would not go ahead unless the Australian Government agreed to make concessions in its current local content rules.

At present *manufacturers* who reach 85 per cent local content can import the remaining 15 per cent of their requirements duty free. The GMH proposal was to export two-thirds of the engines produced from the new plant to GM affiliates—mainly in Europe — and in turn import other components, provided the Government agreed to allow export credits to be applied against such imports on a dollar-for-dollar basis.

The Government has produced an interim measure designed to satisfy both GMH, and component makers, unions and some other manufacturers, who were all opposed to the proposal.

The Government plan is to introduce a complementation scheme, as it is called, from March 1, 1982 to apply to vehicle makers only, but with export credits limited to 5 per cent of a company's local content. GMH originally wanted an unlimited scheme from January 1, 1981 but later scaled this down to 10 per cent and has now agreed to the current proposal.

Revised guidelines on Middle East

BY MAURICE SAMUELSON

THE TRADE Departments revised guidelines to companies dealing with the Middle East says that the British Government opposes "the introduction into commercial documents and transactions of clauses and undertakings which are intended to restrict the commercial freedom of British firms *to trade with all countries in the* Middle East."

The new wording, disclosed by the Foreign Office in a House of Lords written answer, will be seen as a criticism of the Foreign Office's own practice of authenticating "negative certificates of origin," showing that export goods have no connection with Israel.

The Foreign Office has said it will consider ending this practice. However, consultations with trade bodies and other interested parties are expected to take several months.

Both the new guidelines and the talks about scrapping "negative certificates" were ordered in response to the House of Lords select committee report on the Foreign Boycotts Bill, which has been shelved.

UK NEWS

Industrial investment highest since 1971

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

CAPITAL SPENDING by manufacturing industry continued to rise strongly during the second half of last year, but the final outcome for 1978 will still be slightly below the level forecast by the Government.

The Department of Industry said yesterday that manufacturing investment last year totalled £3.83bn (at 1975 prices)—the highest level since 1971. This represented an increase of more than 7 per cent above 1977, when the figure was £3.57bn.

Although the figure is encouraging for the Government, it represents a shortfall on the rise of 10 to 11 per cent forecast last October, while it is considerably less than the 12 to 17 per cent increase expected 12 months earlier when there were hopes of a stronger economic recovery.

The cancellation and delay of investment plans by the iron and steel industry are contributing factors. If these are excluded, manufacturing investment rose by more than 13 per cent last year, although this still falls short of the expected increase.

Investment in the last quarter of 1978 is provisionally estimated at £968m, which is 1 per cent below the third quarter. On a six monthly trend, however, the increase was 3 per cent above the first half of 1978, which is a larger increase than that between the second half of 1977 and the first half of 1978.

The latest investment intentions survey by the Department of Industry forecasts a rise in manufacturing investment of between 4 and 8 per cent in 1979.

Capital spending by the distributive and service industries was 8 per cent higher last year at £4.67bn — although still slightly below the figure for 1973. A growing tendency by industry to lease capital equipment—which is included in the distributive and services sector—is an important consideration in assessing the overall capital spending figures.

The level of physical stocks held by manufacturers and distributors rose by about £100m (1975 prices) in the last three months of 1978. During the year as a whole stocks rose by about £900m.

The stocks of finished goods held by manufacturers, however, declined by about £175m, after nearly three years of increases in all but two quarters. The reasons for this sudden fall, according to the Department of Industry, were the strike at Ford and the tanker drivers' dispute. This lower level of stocks matches the level of industrial activity which has been confirmed in recent figures.

Old £1 and £10 notes called in

By James McDonald

THE BANK of England is to call in on May 31 its £1 notes of the series first issued on March 17, 1960, and its £10 notes issued on February 21, 1964, and from that date they will no longer be legal tender, although they will still be exchangeable at the Bank of England and commercial banks may at their discretion accept them from customers.

The £1 notes to be withdrawn have a Britannia on the reverse and the old £10 notes a heraldic lion on the back.

The Bank explained last night that old series notes are being called in because the circulation of two types of notes of differing sizes and design was inconvenient to the public and to the banks.

"It was also necessary to change the style and size of the notes from time to time in order to take advantage of improving design, printing and production techniques "which enable the Bank to maintain security against possible forgery."

The Bank's "promise to pay" on the old series is unlimited in time, while in practice the commercial banks will normally accept notes from their customers for collection after the calling in date.

Of the old series, 20.35bn £1 notes were issued, and 250m £10 notes. Still in circulation at 175m £1 notes and 11m £10 notes of the series.

Security industry control 'could cost millions'

BY PAUL TAYLOR

MEASURES TO control the growing private security industry could cost millions of pounds to run and require additional staff, the Home Office said yesterday.

A discussion paper published against a background of increasing public concern about the growth of the industry says that the vetting of employees alone could cost £1m—excluding the cost of police work.

A control system of any greater scope and covering any sizeable proportion of the security companies "could cost several millions of pounds to run and require hundreds rather than tens of people to run it," says the paper.

The paper makes it clear that the Government has not yet decided whether controls over the industry are required but says there is a need for a public debate on the issue.

Arguments in favour of controls are often based on the principle that the preservation of law and order is essentially a matter for the police and that if these functions are assumed by private organisations these organisations should be operated under strict Government control.

However, the Home Office points out that a control system would be expensive and involve a number of other difficulties.

These difficulties would include the need for access to police records for any vetting system and possible objections to making a Minister responsible and answerable for individual decisions.

The Private Security Industry: A Discussion Paper. HMSO. 80p.

Formica to spend £2m. at Tynemouth factory

BY SUE CAMERON, CHEMICALS CORRESPONDENT

FORMICA UK is to spend £2m on new equipment for its factory at Tynemouth as part of a £7m development plan to be spread over the next five years.

Formica, part of the American Cyanamid group, said yesterday that £1m would be spent on a printing machine to enable the company to produce its new range of textured laminates. The machine would be used to print for other Formica factories on the Continent.

The company, which has a 40 per cent share of the UK laminates market, said its development plans would not lead to a substantial increase in its 850 strong workforce at Tynemouth.

Falmouth shipyard closure confirmed

By Ian Hargreaves, Shipping Correspondent

BRITISH Shipbuilders reaffirmed last night that it had no intention of reprieving its Falmouth Shiprepair subsidiary, the closure of which was announced two weeks ago.

This followed claims from workforce representatives that two days of intensive lobbying, as well as a 1,000-strong march, had persuaded British Shipbuilders and the Government to re-open the issue.

Both the corporation and the Department of Industry denied the claims last night. They said they were still prepared to consider viable commercial bids for the use of Falmouth docks, but had not changed their position about the closure.

British Shipbuilders has rejected a suggestion by shop stewards and other local interessts that it should help to establish a workers' co-operative at the yard.

The only concession made to the unions, according to British Shipbuilders, was that the effective date for the 1,200 redundancies involved had been postponed from February 19 to March 2.

This decision seems to have been interpreted as a glimmer of hope by the unions. They are to meet British Shipbuilders again next Tuesday, when they will present what they describe as a manifesto for the yard's future.

Bankrupt

Admiral Sir Anthony Griffin, chairman of the corporation, said the yard had been taken over in a bankrupt state and that 18 months of effort since nationalisation had not improved profitability. Falmouth lost £1.9m in the 15 months to last March.

The offer to take a leasehold on the yard by Bristol Channel Shiprepairers was not, apparently, discussed yesterday, but a date has been set in early March for a meeting between British Shipbuilders and Bristol Channel.

© Mr. Michael Grylls, a Conservative industry spokesman, has written to Mr. Gerald Kaufman, the Industry Minister, asking what plans existed to reduce the 4,600-strong workforce at Cammell Laird. He suggested that half the workforce was now underemployed through lack of orders.

British Gas seeks tariff increases of up to 10%

BY SUE CAMERON

THE British Gas Corporation is to notify the Price Commission of plans to increase its tariffs. The corporation is expected to seek price rises of between 8 per cent and 10 per cent.

British Gas said yesterday that the proposed price increases had been forced on it by the Government, which has set the corporation a financial target for 1979-80 of a 6.5 per cent return on turnover after interest and depreciation. British Gas said that target, announced in December last year, was "substantially higher" than the 4 per cent target it had adopted for its own planning purposes.

The corporation, which made profits of £180m last year and which is expected to declare profits of up to £300m for the year ending in April 1979, added that the Government had made it clear that its 6.5 per cent target was designed to ensure that gas prices did not fall in real terms during the next year.

The corporation emphasised that there would be no increase in its tariffs or service charges before April 1, which is in line with a longstanding guarantee not to raise prices before then. It also pointed out that there had been no gas price increases since April, 1977, so gas prices had fallen by 15 per cent in real terms over the last two years.

The Government is anxious that gas prices should not fall too far below electricity prices. Its aim in setting a comparatively high financial target for British Gas has been to safeguard the electricity and mining industries.

The corporation has been pressing the Government for a financial target for some time but it would have preferred a rolling target covering several years to the one-year target. Its £180m profits last year represented a 7 per cent return on turnover after interest.

Pay offer, Page 9

Waste used as heating fuel 'could save £60m a year'

BY JAMES McDONALD

BETWEEN 6m and 7m tonnes of waste from households, shops and offices could be burned as fuel each year in industrial boilers and cement kilns, saving between 2m and 3m tonnes of coal worth between £40m and £60m at 1976 prices, says a report by the Waste and Fuel Working Party of the Waste Management Advisory Council, published today.

If two full-scale prototype reclamation plants, due to be completed this year, are successful, local authorities without nearby landfill sites could find it worthwhile to build similar plants for producing waste-derived fuel and for recovering a range of other materials, the report adds.

"It is clear that most municipal, and much industrial and commercial waste, can be considered as a fuel—a raw material in fact—but a raw material which we are wasting."

About 19m tonnes of municipal waste from households, shops and offices are dealt with each year by waste disposal authorities in Britain. The report estimates that that waste has a theoretical heat content equal to between 6m and 9m tonnes of coal, worth £120m-£180m a year at 1976 prices.

In addition, between 5m and 6m tonnes of waste are delivered by trades to authorities for disposal and about 10m tonnes of combustible industrial and commercial waste is being used as landfill by private contractors. That waste is estimated to have a heat content equivalent to between 4m and 8m tonnes of coal.

Untreated municipal rubbish and most industrial and commercial waste is difficult to burn and handle. But after treatment it can be burned in large solid fuel, stoker fired boilers and cement kilns, usually as a supplement to coal.

The report describes the schemes which IMI (formerly Imperial Metal Industries) and Blue Circle cement have developed in conjunction with West Midlands and Wiltshire County Councils.

It says such schemes can offer industry savings in conventional fuel and reduce local authorities' waste disposal costs. Some authorities might even be able to sell their waste.

However, "significant" capital investment would be needed. The report gives detailed cost evaluations.

Production of a refined waste-derived fuel by means of sorting municipal waste mechanically is also examined and the prototype plants which Tyne and Wear and South Yorkshire County Councils are building are described. Such fuel may be usable in district heating boilers but it is difficult to foresee it being suitable for burning in household grates.

Change of policy cuts 100 jobs at Lewis's

FINANCIAL TIMES REPORTER

LEWIS'S THE midland and northern department store group, has announced plans to lay off 100 service workers, the majority in the head office in Liverpool.

The company, part of Sir Charles Clore's Sears Holdings empire, plans to decentralise and make individual stores self-contained units.

"Instead of having a large number of signwriters, for example, they would be allocated to different stores," said Mr. Geoffrey Maitland-Smith, deputy chairman and chief executive of Sears.

Of the 76 to be laid off in Liverpool — the biggest batch of redundancies Lewis's has made — the majority are understood to be engineers, printing workers, and staff from central advertising.

"There has been a group change of policy," said Mr. Maitland-Smith. "We have not been doing as well as we should have been doing. There is a lot of room for improvement within the stores."

In 1977 Lewis's made pre-tax profits of £2.2m on sales of £80m. The previous year profits were double at £4.4m on sales only marginally lower at £78.5m.

Tarmac wins big contract at Drax

BY MICHAEL CASSELL

TARMAC has won an £18m contract for work on the Drax power station in the Vale of York.

The contract forms part of the £685m final stage of the Drax complex which, on completion, will be the largest coal-fired power station in Britain.

Tarmac's work, among the largest contracts to be let to one construction company in the last 12 months, will take about three years to complete.

The contract was awarded by the Central Electricity Generating Board's generation development and construction division, and will be handled by Tarmac's recently formed major projects operation. It involves excavation of earth on site and main foundation work.

It is understood that 10 contractors originally tendered for the work, and that Tarmac was chosen from a shortlist of three. Mowlem is already on site carrying out a £6.5m piling contract, which will be closely linked to the Tarmac operation.

Cities to join in survey of lead hazard

By Maurice Samuelson

A SURVEY of blood-lead levels in cities and industrial areas will start shortly as part of a study of health hazards from environmental lead.

The survey, announced by Mr. Denis Howell, Minister at the Environment Department, will be carried out in accordance with an EEC directive. It will be in two stages, this spring and in 1981.

Blood samples will be taken from groups of about 200 adults in cities with more than 500,000 inhabitants. It will also include children where there is a potential source of lead pollution, such as busy roads and smelters.

Local authorities have been invited to take part in four London boroughs and in Birmingham, Glasgow, Leeds, Liverpool, Manchester and Sheffield.

Cost estimates will determine Talisman tariff

By Christine Moir

THE NEW tariff for Talisman, the Stock Exchange's new computerised bargain checking system, will remain for the time being, the Stock Exchange Council has advised the senior partners of member firms.

A full debate has been adjourned, but the council intends to look again at the cost estimates which it says will "become clearer as we approach live running." This is now expected for April 9.

Meanwhile, the latest tariff applies for the deals conducted through the computer.

BBC chief criticises delay over introduction of new technology

BY ARTHUR SANDLES

DELAYS IN the introduction of new technology to British television news reporting were "wretched." Mr. Ian Trethowan, director general of the BBC, said last night.

Neither the BBC nor ITV is yet able to use Electronic News Gathering (ENG) because of union opposition.

The BBC now had £1m of new equipment blacked by the unions.

ENG involves video-tapes and instant transmission to distant points without processing film. It can also lead to considerable reduction in manning.

Mr. Trethowan, speaking at the Institution of Electrical Engineers' dinner in London last night, said that recently a group of senior BBC people were received at the White House in connection with the Shakespeare project.

"Ranged across the White House lawn were 15 cameras. Fourteen of them were electronic, ENG. One alone was film, and yes, that was the BBC camera."

He went on to say that recently the Corporation had been in difficulties when trying to report quickly from Iran.

"It is not just that we are behind the Americans. The tiniest Arab Gulf state is more advanced than we are, so that for the Queen's visit to the Gulf, British broadcasting has had to rely on local pictures."

● NEWS ANALYSIS — THE CHANNEL

Problems of safety in narrow seas

BY LYNTON McLAIN

ATTENTION HAS been focused again on safety in the busiest shipping zone in the world after the collision between a Sealink ferry and a Liberian-registered freighter early on Wednesday morning.

A 16-year-old London schoolboy and a French seaman were killed in the accident and four other passengers were injured when the French Saint-Germain ferry collided with the 14,493-ton bulk tanker Artadi in dense fog only a mile off the French coast near Calais.

The French Government has ordered an inquiry as the collision occurred in French territorial waters and involved a French vessel.

The crash happened inshore, away from the tightly controlled Channel traffic separation schemes. The vessels were almost certainly steaming without pilots. The car ferry had just left Dunkirk for Dover, and the Liberian vessel was at the end of a voyage from Canada to Boulogne.

There are relatively few records of collisions involving fatalities near the Channel coasts. The main attention of the British and French Governments has been concentrated on activities further from the coast.

Observance of the Channel separation schemes which have been in effect, so far as the British Government is concerned, since the Colision Regulations (Traffic Separation Schemes) Order 1972, has been steadily improving, and fewer ships contravene the regulations.

There are about 300 movements of vessels each day in the Channel, and about 50 of these involve vessels carrying more than 1m tons of oil. In the summer months, these ship movements from the south-west and the north-east, are crossed each day by up to 200 ferry and hovercraft services.

Not every ships' master obeys the rules, however, and in the 18 months to early January, there were 20 contraventions a day on average, representing about 4 per cent of total traffic.

The Trade Department has monitored only 24 "serious incidents" over the past eight years on all seas within 50 miles of Britain. These are accidents which have involved fatalities, a large financial loss, or where the vessel is sunk or badly damaged.

But Britain and France still take very seriously the prospect of accidents in the Channel, and the joint contingency Manche-plan was brought into force in May.

The plan has been designed to apply to all types of maritime disaster, including search and rescue, collision, grounding, fire or explosion, chemical hazards and oil pollution.

The Anglo-French Safety of Navigation Group drew up the plan, and suggested in a report in July that there was a case for further improvements.

There have been exercises to test communications and decision-making procedures. But one of the largest exercises to test safety measures which was to have been held in May, was deferred because the Amoco Cadiz went aground in the biggest maritime oil pollution disaster in history.

The irony did not escape the Anglo-French Safety of Navigation Group, which has since worked hard to produce further schemes for the Channel. On January 1, the Anglo-French Ship Movement Report System came into operation. This was again designed to improve the safety of navigation, and to reduce the risk of pollution.

The scheme operates on a voluntary basis. Ships in certain defined categories are advised to report their position before entering the traffic separation schemes or associated inshore traffic zones off Ushant, off the Casquets and in the Dover Strait.

Positions are reported to French offshore stations at Ushant, Jobourg and Cap Griz Nez and to Coastguard Marine Rescue Co-ordination Centres at Brixham and Dover.

These stations, apart from Brixham, monitor the position of vessels at all times.

Jewels sell for £239,000 at Sotheby's

SALEROOM

BY ANTONY THORNCROFT

JEWELS SELL FOR £239,000

A SERIES of five pen-and-ink drawings by Lyonel Feininger sold for £2,100 to Quaritch yesterday at a Sotheby's auction of continental illustrated books. Another drawing by the same artist made £1,550. Jewels totalled £239,225 with a best price of £15,000 for a diamond Rivière collet set of the late 19th century, while at Sotheby's Belgravia 20th century silver brought in £64,417 with Negus paying £2,600 for a Viner's standing canteen of about 1930.

Phillips concluded its best stamp sale for a total of £142,563. An unused pair of 1840 "twopenny blues" sold for £3,000, and a £1 seahorse stamp of the First World War in mint condition made £2,800.

Edmund Penning Rowsell writes: Record prices for a varied assortment of wines, nearly all from private cellars, were made yesterday at Christie's first fine wine sales of the year. Single bottles of 18th and 19th century vintages included the oldest bottle of vintage port sold there for many years: a 1790 Chamisso and Silva, which fetched £115. Then a 1795 Terantez Madeira made £175. Latour 1878 and 1899 secured £155 and £130 apiece, a rare Schloss Johannisburg Goldbeerenauslese 1893 brought £260, and a Yquem 1900 reached £120; while a single bottle of 1811 Napoleon Grande Fine Champagne went for £240.

EMI wins first scanner royalty

By David Fishlock, Science Editor

EMI has negotiated its first overseas royalty payment on its EMI-Scanner patents, which will help to reduce this year's expected substantial loss from its medical electronics division.

The company has already received $15m from Johnson and Johnson, the U.S. health care company, in return for a licence to sell worldwide under the EMI patents.

About half of the $15m down-payment will be taken to profit in EMI's accounts for the year ending June 30 and the balance will appear in the accounts of future years, in proportion to sales by the licencee, until a further royalty payment is due. The company is not willing to disclose the rate of royalty it is receiving.

The royalty payment is a consequence of the acquisition this week by Johnson and Johnson, of Technicare, a company whose subsidiary Ohio-Nuclear was one of EMI's main U.S. rivals for the medical scanner market.

EMI, the first company to bring CT scanners to the market, claims that its extensive armoury of patents is being infringed by all its main rivals. It took legal action against three U.S. rivals—Ohio-Nuclear, Pfizer and U.S. General Electric—and simultaneously opened discussions with them about royalty payments.

The action against Ohio-Nuclear will now be discontinued as a condition of the new agreement with Johnson and Johnson and EMI hopes to reach some similar arrangement with Pfizer and U.S. General Electric.

● U.S. General Electric hopes to open a new market for the CT scanner, as an automated inspection system for high-duty parts. It has been developing a system for X-raying jet engine components such as turbine blades, in order to find flaws in the metal.

EMI said yesterday that its patents on CT scanning covered the principles and thus would also embrace industrial inspection.

Low growth forecast for Ulster

BY OUR BELFAST CORRESPONDENT

ULSTER FACES the prospect of continuing low output growth and high unemployment, according to a Government discussion paper on the province's future economic and social policies, which was published yesterday.

The document was prepared by the Central Economic Service of the Northern Ireland Department of Finance. It said that the province would be hard pressed to maintain existing employment levels or to improve social development, even on the basis of optimistic assumptions about the economy and civil unrest.

Mr. Roy Mason, Ulster Secretary, in a foreword to the paper, invited wide public debate. Sustained effort was needed by both the Government and the community at large to make effective use of the limited resources available, he said.

The paper, entitled Economic and Social Progress in Northern Ireland: Review and Progress, said that the beneficial impact of recent initiatives on the industrial front had not radically altered the serious unemployment problem.

Even if the recent success in attracting international investment continued, there would be a gap of some years before the new jobs were available.

Nevertheless, these new job promotions might be the harbinger of better times. They could help substantially to offset the expected job loss in the manufacturing sector over the next few years.

By 1981 employment in the manufacturing sector in Ulster was expected to have declined by 9,000 since June, 1977. About 6,000 jobs would be lost in the construction industry, and the growth in the public sector was likely to be part-time, mainly female, employment.

Public expenditure resources were very limited. Efforts by those outside Government could help relax constraints on development.

A reduction in violence would do much to improve economic prospects, and it was of the utmost importance that good industrial relations and productivity records should be maintained.

The document listed various Government schemes now in hand, although it said that the Government recognised they would not be sufficient to overcome Ulster's long-standing social and economic problems.

Economic and Social Progress in Northern Ireland: Review and Prospects; the Director, Central Economic Service, Department of Finance, Parliament Buildings, Stormont, Belfast.

Steel town 'should have assisted area status'

BY JAMES McDONALD

CORBY—where unemployment could jump to 20 per cent with the British Steel Corporation's intended closure of its plant—should be given assisted area status by the Government, says the East Midlands economic planning council.

"The impact of the threatened closure of steel making at Corby by British Steel, added to existing high levels of unemployment already in the town, is causing even more grave concern than previously," said Mr. Wilfred Miron, the planning council chairman.

He referred to the Coopers and Lybrand report, "Employment and Industrial Development in Corby," which exposed the severe long-term unemployment problem facing Corby, where the unemployment rate is now 7.3 per cent.

Key roles in aiding Corby as an assisted area would be played by Northamptonshire County Council, and eventually the New Towns Commission. "Not only would this improve its ability to attract industry, compared with the nearby new and expanding towns, but would also assist in obtaining financial help from the EEC."

Tour surcharges loom as bookings drop

BY ARTHUR SANDLES

TOUR OPERATORS, concerned by a sudden slow-down in holiday bookings, now face the prospect of seeking substantial surcharges on foreign holidays this summer. Fuel shortages and resultant price increases are already hitting costs.

December and January saw a big surge in bookings, provoked partly by talk of a shortage of rooms and airline seats in the peak summer season. There has, however, been a big drop in reservations over the past three weeks.

Now there is an increasing awareness of the inevitability of fuel surcharges after the halting of Iranian supplies. Many countries in the Mediterranean area rely on Iran for fuel and there are already shortages.

This means that airlines are having to buy at considerably higher than expected contract General and substantial aviation fuel price rises are regarded as inevitable.

The surcharge position among tour operators is confused. Many offer currency guarantees but leave room for manoeuvre as far as fuel prices and "Government action," on landing fees and security charges.

Where surcharges are allowed for in the booking conditions these come in various forms. Cosmos, for example, limits its potential surcharges to £6 per person per week. Thomas Cook booking conditions say up to £1.30 per person per day can be added.

Most companies say there is no surcharging after the final balance has been paid—usually 8-10 weeks before departure.

Report criticises enthusiasts who tried to run railway

BY JAMES BARTHOLOMEW

"IT MUST be rare that an operation of such magnitude has been undertaken, when, virtually everyone involved with it, has been so manifestly unfitted for the task," say the Department of Trade Inspectors in their report on the North Devon Railway Company, published yesterday.

The company was formed with the purpose of re-opening the 14½-mile Barnstable to Ilfracombe railway line, which was closed by British Rail in 1970.

"The enthusiasm of the individuals concerned far outweighed their abilities," say Mr. James Buttimer and Mr. Brian Hooper, the two inspectors appointed by the Department of Trade. But the directors had no "improper motives."

The general public subscribed £16,216 for shares in the company. Total assets of the company now amount to £418.72. Most of the money subscribed was "swallowed up" in the expenses of Words in Action, according to the report.

Words in Action, the subject of another Department of Trade report published in the same volume as the railway company report, was incorporated in 1973 to conduct correspondence courses. In 1974, it helped the railway company in a fund-raising campaign. This campaign raised only £9,873 instead of £650,000, which was the minimum target.

Words in Action had "no legal right" under the terms of its agreement with the railway company to apply money collected from subscribers of the railway company in settlement of its own expenses.

Mr. Van Dieren, now deceased, who managed Words in Action, knew by September 1974 that he was acting improperly, say the inspectors. But there was little he could do about it because of his and his company's "perpetually parlous finances." Certain other directors of Words in Action also receive some criticism in the report. The company went into voluntary liquidation in 1976.

The North Devon Railway Company was ordered to be wound up on January 16, 1978, on the petition of the Secretary for Trade.

Engineering recovery slows

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

A SETBACK to the rate at which the engineering industry has been recovering from the recession seems to be indicated in the latest official figures.

New orders went up by 2 per cent between August and November for the combined engineering sectors (mechanical, electrical and instrument), according to figures published in Trade and Industry today.

This represents a slowing down in the rate of increase which had been recorded in earlier months, when officials had been fairly optimistic about the recovery trend.

The engineering industries traditionally lag behind in the climb out of recession, and this is reflected in the fact that orders-on-hand are still only 5 per cent higher than when the recovery began for engineering in mid-1976. The industries' order book is, therefore, still more than 25 per cent down on the average level for 1974.

The trend in new orders from the home market in these three months has been particularly disappointing as it now appears they have shown no growth. The export trend, however, is more encouraging with an increase in new orders of 5.5 per cent between August and November. But even here, there are apparently signs of a slackening off.

Shell may face £50m bill over nuclear Gulf Oil venture

BY DAVID FISHLOCK, SCIENCE EDITOR

ROYAL DUTCH SHELL could face a bill for another £50m to extricate itself from its ill-fated brief venture into nuclear reactors in partnership with Gulf Oil of the U.S.

This would bring to about £300m its total nuclear investment in General Atomic, a Shell-Gulf joint venture since 1973, when the European group agreed to buy a half-share in Gulf's nuclear subsidiary.

Public Service Company of Colorado, the U.S. utility for which General Atomic built the first of its high-temperature gas-cooled reactors, has disclosed that a final settlement for a "very substantial" sum is being negotiated.

This will compensate the utility for a power station which, although originally ordered under what essentially was a fixed-price contract, may never achieve the output and performance specified.

The cost of compensation will be shared equally between Shell and Gulf, who have already abandoned their commercial nuclear venture and turned General Atomic into a contract research company.

Construction of Fort St. Vrain began in 1968 and the 330 MW station was scheduled to be in operation by 1972. It was ready for operation by the end of 1973.

The original contract price for the reactor was $116m.

But for the past five years General Atomic has been struggling with serious commissioning problems and major modifications required by the U.S. nuclear inspectors. As a result the contractor has been obliged to maintain a large engineering staff at the reactor site near Denver, Colorado.

The plant is thought unlikely to be permitted to exceed 65-70 per cent of its design output, becaue of an unexplained vibration which occurs in the reactor core above this power level.

Public Service Company of Colorado has told New York security analysis that a memorandum of agreement with its contractor for a final settlement will be ready shortly. Mr. Richard Walker, the utility's president and chief executive, and Mr. Bryant O'Donnell, an executive vice-president, said they hope to have a final settlement this spring.

The utility advised the analysts that it is "quite pleased" with the terms of the settlement, which had been under discussion for several months.

Solicitor loses his claim against Law Society

Mr. Michael Conway Dobbs, a solicitor who complained he had been "turned into a second-class solicitor" after being accused of touting for business, failed in his High Court claim against the Law Society yesterday.

Mr. Dobbs, practising as Michael Dobbs and Co. at Sandpit Road, Braintree, Essex, had asked the court to declare that two letters he wrote in 1977 and 1978 were not contrary to the solicitors' practice rules. But Mr. Justice Goulding dismissed the case because of a pending appeal by Mr. Dobbs to Lord Denning, Master of the Rolls, who hears appeals from Law Society decisions.

The judge said that any jurisdiction he had to hear Mr. Dobbs's claim was discretionary.

Mr. Dobbs, a former Royal Navy lieutenant-commander, had worked as a patent agent before becoming a solicitor nearly two years ago. He denies the allegations of touting.

The first letter complained of by the Law Society was written by Mr. Dobbs to the Armstrong Patent Company in April, 1977, a week before he was admitted a solicitor. It gave advice about patent litigation.

The second letter was published in The Times in January, 1978, and dealt with solicitors' conveyancing fees and their monopoly of conveyancing business.

As a result of the letters, the Law Society refused to renew Mr. Dobbs' practising certificate on 21 days' notice. He now has to give six weeks' notice and the certificate is issued at the society's discretion.

Black and Decker praised by Price Commission

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE Price Commission yesterday gave an almost clean bill of health to the do-it-yourself power tool industry and especially Black and Decker, which dominates 90 per cent of the UK market.

The commission's report on prices, costs and profit margins in the supply of portable electric tools goes against the trend of recent reports by making few criticisms of the industry or the efficiency of companies operating in the sector.

In recent months the commission, set up in August, 1977, has looked more critically at corporate efficiency and now, with the removal of the safeguard regulations, it seems determined to adopt a more rigorous approach to restraining price increases. One of its more recent investigations into an industrial sector—the road haulage business—made sweeping criticisms of management and efficiency which led to a storm of protests to the commission.

Yet in its latest report the commission is full of praise for Black and Decker's management efficiency, product innovation and desire to keep prices down in spite of its monopoly position.

It restricts its criticism to an oblique reference to the need for a review of the "excessive" differential between the recommended retail price and the actual selling price in some shops, although against the commission clears Black and Decker of any blame in this disparity.

The commission's lack of criticisms may not go down too well with Mr. Roy Hattersley, Prices Secretary, and his senior officials at the Department of Prices and Consumer Protection, especially since Mr. Hattersley is keen to convince the trade unions of the strength of the commission's "teeth."

The commission's examination of the sector was prompted by Mr. Hattersley's department after concern at the pricing and competitive structure of the fast-growing power tools market. The commission says the sales value of power tools in 1978 was up by almost a fifth to £17.7m.

Within that total, the traditional electric drill market was almost static while the new market for "integral tools" such as jigsaws and sanders attached to a motor grew by 66 per cent. The market for attachments to the usual power drill slumped by 7 per cent the report says.

Black and Decker, which is a subsidiary of a U.S. company, has 93 per cent of the drill market, 87 per cent of the integrals sector, and 95 per cent of the market for attachments. Wolf Electric Tools and Stanley Power Tools concentrate on the top end of the market.

Black and Decker achieved its market position for several reasons, the commission suggests, including identifying the "potential demand in the UK for a cheap and simple tool which was both reliable and powerful enough to carry out the basic functions and, once it was established, displaying considerable engineering skill in designing improvements and modifications."

The report concludes: "We do not find evidence that Black and Decker is using its monopoly position to take advantage of the consumer."

On the question of the large discounts available in some multiple shops and large stores on the prices recommended by Black and Decker, the commission says there is "no evidence that the manufacturer deliberately inflates recommended prices in order to facilitate deep discounting by retailers." It argues that there is only a limited possibility of the recommended retail price misleading a consumer who has already decided to buy a power tool.

But because of the substantial changes in retail distribution over the past few years—with a polarisation of multiple shops selling a high volume at a discount price and independent specialist retailers—the commission suggests that the wide disparity between recommended and selling prices should be reviewed.

"Prices, costs and margins in the manufacture and distribution of portable electric tools," Price Commission. HC 204, S.O. £1.

Alvis wins £7m. order for airfield defence

BY MICHAEL DONNE, DEFENCE CORRESPONDENT

ALVIS of Coventry has won an order worth between £7m and £10m for the supply of more than 130 armoured fighting vehicles by 1982 to the RAF Regiment.

The aim is to make the RAF Regiment an armoured force for the protection of RAF airfields in Germany. Six of the regiment's field squadrons will receive the vehicles, which will include Scorpion light tanks.

Other vehicles will include Spartan armoured personnel carriers. Sultan command and Samson recovery vehicles. All the equipment would be based in West Germany in the event of conflict—four squadrons are already there.

The task of the RAF Regiment's armoured force will be to defend RAF aircraft when they are at their most vulnerable—on the ground, while rearming and refuelling. The decision to give the RAF Regiment its own armoured units stems from the growing threat of a land assault against RAF Germany's airfields in wartime.

The order brings the outstanding Alvis order book to about £100m, ensuring a high level of activity to the end of 1981.

ANNUAL DEFENCE WHITE PAPER

Aiming to strengthen NATO alliance

BY MICHAEL DONNE, DEFENCE CORRESPONDENT

A WIDE RANGE of additional weapons orders in the coming year, and improvements to many existing programmes, as part of the UK's contribution to strengthening the NATO Alliance, are foreshadowed in the annual Defence White Paper, issued yesterday.

It says that total outlay on defence in 1979-80 will amount to £8.558bn, equal in real terms to the target of £7.182bn at 1978 survey prices, and equivalent to just under 4½ per cent of the estimated Gross Domestic Product for the year at market prices.

The total figure represents an increase of 3 per cent in real terms over the defence budget for 1978-79, while for 1980-81 a further real increase of 3 per cent is planned.

No decision has been taken on defence spending for 1981-82 and 1982-83. These will be considered further in the 1979 Public Expenditure Survey.

The White Paper shows that total spending on equipment and other procurement (including associated personnel and other costs) will amount to £3.846bn, of which 70 per cent will go into production and about 30 per cent in research and development.

Among the new equipment items planned are another 164 production Tornado multi-role combat aircraft (estimated to be worth well over £1bn although this spending will be spread over several years); a third vessel in the new Trafalgar class of nuclear-powered Fleet hunter-killer submarines; further orders for the new Type 22 class of anti-submarine frigates; more Type 42 guided-missile destroyers; an order for a Boeing jet Hydrofoil for studies into its use for various roles; and further orders for Gazelle and Puma helicopters.

In addition studies are being pushed ahead into a wide variety of new weapons-systems, including the prospective Chieftain main battle tank replacement, and the new tactical combat aircraft to replace Jaguar and Harrier.

The White Paper, in reaffirming the UK's adherence to NATO, points out that the Warsaw Pact forces continue to increase in size and capability.

It is estimated that Soviet defence spending continues to account for about 11 to 13 per cent of the Soviet Union's gross national product. It is estimated to have risen by an average rate of about 4 per cent a year in real terms between 1973 and 1977, and still to be rising, although rather more slowly.

The White Paper suggests that in Central Europe, the NATO forces are outnumbered by the Warsaw Pact in terms of 1.2 to 1 in troops, 2.8 to 1 in terms of main battle tanks, 2.7 to 1 in terms of artillery pieces, and 2.2 to 1 in terms of fixed-wing tactical aircraft.

In the Eastern Atlantic, NATO is outnumbered 1.3 to 1 in terms of surface ships, and 1.5 to 1 in terms of submarines, although in numbers of fixed-wing tactical aircraft NATO has a slight edge.

In these assessments, the White Paper includes in the NATO figures the French Atlantic fleet and the French forces in West Germany, although France is not a member of NATO.

It points out that the UK already commits the great bulk of its forces to the NATO Alliance. "It is the only European country to commit forces to NATO in each of the three elements of the triad on which the Alliance's strategy of deterrence depends.

"At the same time, the UK is one of the two European countries which provide forces for all three major NATO Commands, and one of the few countries that commits forces to more than one region of Allied Command Europe.

"The UK continues to concentrate its efforts on those areas where its resources will most effectively aid collective Alliance Defence; the defence of the UK base and its immediate approaches, the Eastern Atlantic and Channel, the Central E Region of Europe, and the nuclear forces."

These UK forces include 55,000 troops in the Rhine Army, with more than 600 Chieftain tanks and over 2,000 other armoured fighting vehicles; 12 squadrons in the Second Allied Tactical Air Force; over 100 major warships of some 16 different classes; and 28 RAF squadrons in the UK available for air defence and other roles in support of NATO.

Commenting on detente and disarmament, the White Paper says that the prospective new Strategic Arms Limitation agreement; SALT II, is expected to be in three parts:

(a) A Treaty lasting until December 31, 1985, setting overall ceilings on the numbers of strategic nuclear delivery systems which both sides may possess, and sub-ceilings on particular elements of each side's strategic forces;

(b) A shorter-term protocol dealing on a temporary basis with certain issues (including ground and sea-launched cruise missiles) not covered in the Treaty.

(c) A statement of principles dealing with the approach to future SALT negotiations.

On Mutual and Balanced Force Reductions, the White Paper says that negotiations have proceeded slowly, but steadily, and are an important part of the East-West dialogue, although the greatest obstacle to progress is the lack of agreement on data. A considerable effort is being made to resolve this and achieve a successful outcome of the talks.

The White Paper says that steady progress has been made in the negotiations on a Comprehensive Nuclear Test Ban, and it is hoped that an agreement can be reached very soon.

The UK and its allies continue to implement all the provisions of the measures agreed at the Conference on Security and Co-operation in Europe in 1975, and reaffirmed this at the follow-up meeting in Belgrade in 1978. "We are also participating actively in other arms control discussions and in preparing for the 1979 UN conference on weaponry."

But the White Paper says that until the Government's objective of general and complete disarmament under strict and effective international control has been met, a substantial defence effort remains necessary, and indeed is a precondition of successful political action.

The balanced modernisation and improvement which the Alliance is making to its forces is designed to maintain the credibility of the strategy of flexible response..

NATO does not need to match the Warsaw Pact in every category of armament to achieve the flexibility necessary for this ability to deter, but it does need a wide range of forces embracing conventional units, a theatre nuclear capability and strategic nuclear forces.

These must be both credible in themselves and sufficiently closely linked together to convince an aggressor that he could overcome one level of capability only at the expense of incurring a response from the next in a process which would continue, if necessary, up to the strategic level.

The White Paper stresses that the NATO Long-Term Defence Programme (LTDP) developed as part of its wider planning to strengthen the alliance through the 1980s and beyond, has already gone a long way.

This programme envisages the members of the alliance taking measures to improve their capabilities in such fields as readiness, reinforcement, reserve mobilisation, maritime posture, air defence, communications (including command and control), electronic warfare, rationalisation (co-operation in procurement programmes), logistics, and modernisation of theatre nuclear forces.

In particular, the UK is working in a number of areas to establish co-operative arrangements for the next generation of weapons systems. It is giving full support to the European Programme Group, where a number of potential programmes have been identified, including a new tactical combat aircraft, in which the Government believes that collective action by European countries could benefit the Alliance.

Commenting on the past year's improved relations with China, the White Paper says that this has covered many fields, including a widening of contacts in the field of defence.

"As an important element of its pursuit of international stability, the Government will continue to foster good relations with China.

"We do not wish, however, to develop friendly relations with one State at the expense of our relations with any other; relations with the Soviet Union remain central to the development of detente."

Warning by Luns

DR. JOSEPH LUNS, secretary-general of NATO, said yesterday that he would regret any British decision not to develop a successor to the Navy's Polaris missile submarines—the UK contribution to the alliance's strategic nuclear deterrent.

Dr. Luns said in London that while it was not for him to interfere in British domestic policies, it was important for Europe to retain an independent nuclear deterrent, especially since the Soviet Union was increasing the number of ballistic missiles targeted on the West.

How the money will be spent

ANALYSING defence spending, the White Paper says that of the £2.686bn to be spent on production, 28 per cent or £757m will be on ships and their equipment and weapons; 22 per cent or £592m on land systems and weapons; 40 per cent or £1.085bn on aircraft and engines, equipment and weapons, and 10 per cent or £252m on general support.

Of the £2.686bn, over £2.350bn will be spent with British industry and the Royal Ordnance factories.

Total research and development expenditure of £1.160bn represents 14 per cent of the overall defence budget, and £816m will be spent extra-murally, with industry.

Commenting on equipment programmes, the White Paper makes the following points:

Anti-submarine cruisers—Three vessels have been ordered. The first, Invincible, enters service in 1980; the second, Illustrious, has been launched, and the third, Ark Royal, was ordered last year.

Nuclear-powered Fleet submarines—Spartan, the 11th vessel of its class enters service this year, the 12th and last is now under construction, together with the first two of the new, updated class, called Trafalgar. It is planned to order a third of this new class this year.

New frigates—The first two of the new Type 22 class anti-submarine frigates enter service this year, and two more are under construction. Further orders are planned.

Mine counter-measures vessels—The first of the Hunt class is due to enter service later this year. Procurement is planned in 1979 of a new class of Extra Deep Armed Team Sweep vessels, based on a commercial trawler design.

Anti-submarine helicopters—Work is under way on a successor to the Sea King helicopter. It is hoped this will form the first element of a broader European package.

Study

Offshore protection—Two more Island class vessels are due to enter service this year, and a Boeing Jetfoil has been ordered for evaluation in a number of roles.

Anti-surface ship weapons—The results of project definition of the new P3T anti-ship seek-skimming missile are now being assessed, and a decision on the next phase of the project will be taken soon. This weapon will be used by Sea Harrier, Buccaneer and later also Tornado aircraft.

NATO weapons—The results of a joint feasibility study are under consideration with a number of NATO allies for development of a family of anti-ship missiles capable of being launched from a variety of platforms—ships, aircraft and submarines, coming into service from about 1990 onwards.

Type 42 Destroyers—The fifth and sixth vessels enter service this year, and the 11th of the Class has been ordered. Further orders will be placed this year.

Sea Harrier—This aircraft will enter service in 1980. After trials it is intended to instal the "Ski Jump" for improve take-off in HMS Hermes and in the anti-submarine cruisers.

Sea Dart missile—To meet developments in the air threat, an improved programme for this ship-borne air defence weapon is in hand.

Tornado—The first flight of the new Air Defence Variant (ADV) of the multi-role combat aircraft is expected later this year. The first production aircraft enters service in 1980.

Nimrod Airborne Early Warning—Work is under way on converting 11 maritime reconnaissance aircraft to the AEW role.

VC-10 Tankers—nine VC-10s have been bought and are being converted to the aerial tanker role.

Air-to-air Missiles—the UK has joined a European consortium which will manufacture the AIM 9L missile.

Land-based Harriers—Deliveries of the additional 24 aircraft will start this year.

Jaguar jet strike-trainer—A programme to improve the performance of the Adour engine has begun.

Future Tactical Combat Aircraft—Discussions continue with other European countries on a future tactical combat aircraft which would replace RAF Jaguars and Harriers, with the aim of establishing later this year whether there is a basis for a collaborative project.

Land warfare—the UK is making improvements to its own main battle tank force, anti-armour weapon capability, artillery, infantry equipment and other weapons and equipment.

Tanks—The start of project definition on a new main battle tank (MBT 80), to be in service in the late 1980s, has begun.

Anti-tank guided weapons—Discussions with France and West Germany have led to the formulation of a Joint Staff Target, and a feasibility study will begin later this year.

Mechanised Combat Vehicle—Project definition of a mechanised combat vehicle (MCV 80) designed to carry an infantry section will be completed this year.

Small Arms—The result of military trials in NATO to select a standard calibre for future small arms will be available next year. Britain's entry is a 4.85-mm system.

Details of expenditure in industry revealed

THE NAMES of the companies where much of the cash is spent on defence procurement are revealed in the White Paper. Of £2.565bn spent in 1977-78, about 75 per cent went on national contracts with British industry, about 15 per cent as the UK's share of collaborative projects, and about 10 per cent on contracts overseas.

Of the payments made directly to British industry, the bulk, or about £1.9bn, went to 43 companies, and the Royal Ordnance factories, whose names are listed below.

"The defence equipment programme continues to sustain about 200,000 full-time job opportunities in the defence industries, and overseas sales sustain about 70,000 to 75,000 more.

In addition, purchases by defence suppliers in support of the manufacture of equipment sustain roughly the same number of jobs in industry generally.

Over £100m
Brit. Aerospace Aircraft group
Brit. Aerospace Dynamics group
General Electric Company
Rolls-Royce
Royal Ordnance Factories
Vickers†

£50-£100m
Plessey
Westland Aircraft

£25m-£50m
British Leyland
David Brown Holdings†
Dowty Group
EMI
Ferranti
Hunting Associated Industries
Lucas Industries
Swan Hunter Group†
Yarrow

£10m-£25m
Hawker Siddeley Group
Marshall of Cambridge (Engrg.)
Philips Electronic and Assocd. Industries

£10m-£25m (cont.)
Pilkington Bros.
Racal Electronics
Scott Lithgow†
Short Brothers
Smiths Industries
Sperry Rand
UK Atomic Energy Authority
Vauxhall Motors

£5m-£10m
British Electric Traction
Decca
Dunlop Holdings
Fodens
Gresham Lion
Imperial Chemical Industries
Laird Group†
Mullard
Nthrn. Shipbuilding and Industrial Holdings†
Rank Organisation
Rolls-Royce Motor Holdings
Singer (UK)
Standard Telephones and Cables
Thorn Electrical Industries
Weir Group

† Partially or wholly vested in British Shipbuilders.

ENERGY REVIEW

BY JOHN LLOYD

The Ayatollah helps the cause of coal

"A formidable protector of coal's interests": Mr. Anthony Wedgwood Benn, the Energy Secretary, pictured here on a visit to a Yorkshire colliery.

PICTURES OF the Ayotollah Khomeini do not hang in National Union of Mineworkers' lodges, or in the offices of the National Coal Board, in the inner sanctum of Mr. Alex Eadie, the Energy Minister with responsibility for coal, or on the office walls of Mr. Anthony Wedgwood Benn, the Energy Secretary. Perhaps they should do.

Leaders in the industry and also the two Ministers believe that the Ayatollah is guiding Britain to where its redeemer lies—great seams of it, deep in the ground. They have all held fast to their belief in the future of coal for the past five years: and now, just when it seemed that the belief was being tested to its utmost, the Ayatollah has lent a hand, effecting the twin task of destroying the Peacock Throne and elevating King Coal.

The Coal Board still has a serious problem, with an estimate loss this year of between £50m and £100m, and next financial year of £460m (before counting in grants and price increases). The best hope of avoiding these losses, or at least cutting them back is—as Sir Derek made clear two weeks ago in evidence to the Commons Select Committee on Nationalised Industries—to be able to raise coal prices in the wake of sharply rising oil prices.

But there is a further, more serious dilemma from which the Board has sought relief. That is that it has lost the general wave of support it commanded after the OPEC price rise in 1973. Powerful interest groups, encouraged by five years of oil prices dropping in real terms, are questioning the need for the Plan for Coal—the board's response to the OPEC rises—and the £500m a year investment which the plan entails.

Throughout this period, the board has increasingly relied on the strong support it has received from the Department of Energy; from the junior minister there, Mr. Eadie, an ex-mineworker who tends the industry assiduously; and from Mr. Benn, who must fight coal's battles inside the Cabinet. In recent months, that fight has become harder: the Treasury has increasingly questioned the need for the high investment and enquired increasingly diligently about ways of cutting costs. A tripartite (Government, NCB and NUM) study group has been set up to report on the future of the South Wales field, which lost nearly £30m last year, and both the Treasury and the Central Policy Review Staff are represented in it.

Mr. Benn is formidable as a protector of coal's interests: but coupled with the Ayatollah, he may be unstoppable. He believes that the Iranian revolution has enormously strengthened the position he takes, ranged beside the NCB and the NUM.

"The oil situation has a different flavour from that of 1973," he told the FT in an interview. "Then you had two factors: one, a quadrupling of the price of oil, and secondly, a political embargo on its distribution, but no interruption in production. This time you have a serious interruption in production from one of the world's major oil producers, down from 6.5m barrels a day to figures that have been below 1m. You don't know how quickly it could build up: the experts have gone. You don't know what the policy of the new Iranian Government is. You don't know if the oilfields have been damaged or wrecked in the meanwhile."

To this must be added the consequent effect on price. Mr. Benn mentioned the rumours that the price might soon be reviewed, and the firm intention of some oil producing countries to bring forward the increases planned for October to apply to the increased production now being undertaken to make up for the Iranian shortfall. These moves naturally call for a response; and it is this response which Mr. Benn is now preparing.

One response, he said, has already been made: the £17m government subsidy to the NCB last year to enable the board to keep down the price it charged the Central Electricity Generating Board and thus to encourage the CEGB to burn more coal. Mr. Benn added that the £17m has been exceedingly well spent.

"We could establish to the satisfaction of the Treasury that we could reduce oil imports by £50m to £60m and we could reduce, interest payments on stocks of coal by £50m or £60m, and you could have a £17m coal burn subsidy that gave you these advantages. So it was a very good deal: it was an offer the Treasury couldn't refuse. Clearly, in the current circumstances, the maintenance and development of a system that reduces your imported oil burn is really welcome."

Thus it seems clear that the coal burn subsidy will now be extended, and possibly raised—though if oil is to increase greatly in price, it may not have to be raised very much. Mr. Benn is also toying with the idea of burning more gas in the country's power stations, although he makes it clear that this is only a possibility.

But beyond the immediate response, there are other initiatives beginning to take shape in the current negotiations with the NCB, the Treasury, the oil companies and the OPEC ambassadors. Specifically, he wants to attack the vexed question of forecasts: and he has dedicated the next meeting of the Energy Commission, in March, wholly to the subject. "All policy is based on forecasts and all forecasts are based on assumptions and until you start nibbling away at the assumptions—like, what are the assumptions of growth, what are the world assumptions, what are the assumptions you make about demand and supply worldwide—you cannot make policy."

One of the most crucial of the assumptions currently embodied in the Government's Energy Green Paper is that the oil price will double, in real terms, by the end of the century. "But at the time that was published it looked as if the oil price would remain weak meanwhile and it did look as if, right into the 1980s, you might find that oil, far from going up, might follow the very slow trend downwards in real terms. Now clearly what's happened in the last six months has altered the short term prospects—what it's done to the long term prospects you can't say."

Breakthroughs

At the same time, the Energy Secretary is achieving what he sees as significant breakthroughs in the way in which the mining industry is evaluated by government. The South Wales coal study is, he believes, a new departure, because for the first time the need to return the field to viability is given equal place, among the terms of reference, with the need to exploit the reserves of coal in the area and with the need to preserve the skill of the workforce.

"It's a huge breakthrough, because if you just go for short term viability, then you would be driven into a corner from which you couldn't escape. You would have been caught on your own terms of reference. By having very broad terms of reference, one is entitled to say, look, here are reserves of coal, they are valuable nationally; here are reserves of skill which, once you've lost them, you never get back; and here is an obvious need to be on the mend financially. And then you have to say, how far will investment itself, when it works its way through, deal with the problem of viability?"

Further, Mr. Benn is now anxious to explore th true costs of the remedies which have been proposed for the NCB's cash crisis, specifically, that of pit closures.

"What is the true cost of closure? Who picks up the tab? All right, the coal industry might go back more rapidly to liability. But the Government has to pick up the unemployment."

Finally, in pursuit of his efforts to ensure that coal's future is secure, the Energy Secretary remains a constant obstacle to the electricity industry's plans to adopt nuclear technology relatively quickly. Mr. Benn gives an example from the recent past of the strength of the pro-nuclear lobby.

"Only a year ago, when we were having the great argument about systems, I was being asked by some interests to commit £24bn of public money to a pressurised water reactor system (PWR). It was a combination of a choice for the PWR and the preference of the CEGB for nuclear power to play a large and growing role. That would have pre-empted resources on a massive scale. I didn't want that system—neither did the CEGB, it wanted AGRs—but also I didn't want to commit that amount of money because the true costs of nuclear haven't even been identified. First, the research and development costs are borne by government; second, the cost of nuclear waste has not yet been identified; and third, the cost of decommissioning and closing nuclear stations hasn't come up because none has ever been closed."

Mr. Benn, who also believes that the case that nuclear stations on base load are always cheaper than coal-fired stations on base load still has to be proved, is also enthusiastic for smaller power stations, and for the refurbishing of old ones.

In general terms, he says "all strategies are, as I intended they would be, up for discussion. The idea that I've got to adjust, or any of us have got to adjust, to what has been the historic strategy of an industry operating in isolation, is now no longer valid."

A key mechanism for overcoming industry "isolationism"—it can be taken that Mr. Benn is thinking principally of the electricity industry here—will be the "energy budget," another project on which he is working. The energy budget will attempt to put all the energy industries' costs on a common footing: thus the true costs of, say, atomic power and coal-fired power could be compared in a way, Mr. Benn says, they now cannot.

Such a budget, with the other initiatives which the Energy Secretary is considering, have a common aim—a planned energy policy, the need for which has now been proved "up to the hilt," by the events of the past months. It seems that his progress towards it has been greatly aided by the religious revolutionaries of Iran.

UK NEWS — LABOUR

VAT centre closed by civil servants' strike

BY PHILIP BASSETT AND PAUL TAYLOR

CIVIL SERVANTS last night opened their strike campaign over pay in spite of the Prime Minister's criticism of the action as "unnecessary" and "wrong in both principle and practice" by closing down a computer centre dealing with VAT and customs returns.

Members of the Civil and Public Services Association and the Society of Civil and Public Servants, who have been called out on a one-day stoppage today, yesterday shut the computer complex at Southend in the first of a planned series of selective, indefinite strikes.

Closure of the VAT computer will immediately halt repayment to traders of £100m a week, the society estimated yesterday, and will disrupt the processing of £500m a week in VAT revenue. Trade statistics for February will not be produced because of the closure of a further computer.

The Government has made contingency plans to deal with action by its 14,000 Civil Service computer staff, including keeping more than 500 trained military personnel at its disposal. The Ministry of Defence said yesterday that essential defence computer services would be maintained but administrative operations might suffer.

To-day's strike by the 285,000 Civil Service members of the two unions is expected to affect Customs controls at ports and airports, transatlantic flights, social security offices and job centres, driving tests and court and industrial tribunal hearings.

The British Airports Authority warned of possible delays today of up to six hours as a result of action by air traffic control assistants. The Customs and Excise will be providing honesty boxes at ports and airports, and a "preventative presence" against smugglers.

Civil servants at embassies and servicing trade delegations are also being called out.

Pickets will be mounted at the Royal Courts of Justice the Home Office, Ministry of Defence, Department of trade and the West End CAT office, though some unions have urged their members to cross picket lines.

Most Whitehall departments have prepared detailed contingency plans to deal with the effects of today's strike and any future action. The Government has set up an elaborate monitoring system to provide information on the numbers of civil servants taking action.

Notices have been issued to all Government departments making it clear that strikers will have their pay cut, and that all "unauthorised absence from work" will reduce qualification for pensions and holiday leave. The notices also say that intimidation on picket lines "may be treated as a disciplinary offence."

The Transport Department has cancelled a number of driving tests and warned that further cancellations may follow. Today's industrial tribunals in 22 of 23 centres have been postponed.

Mass meetings and rallies will be held throughout the country in support of today's action.

Some members of the two unions feel that the Government's agreement to base a staged settlement on the findings of the independent Pay Research Unit comparability study should have been enough to avert the strike programme, but the unions insist that the offer was too indefinite for the strike pressure to be lifted.

The unions estimate that the unit's reports show rises due to middle-ranking executive grade civil servants of 26-36 per cent.

Chrysler lays off 1,700 after dispute

By Lisa Wood

MORE THAN 1,700 workers were laid off at Chrysler's Linwood plant, Strathclyde, yesterday after the management disciplined an assembly worker who had left his workplace to get cigarettes.

The laid-off workers will not restart work until Monday. Until then car production at the plant, which employs more than 8,000 people will be disrupted.

The assembly worker was disciplined on Monday for being absent from his workplace. The management claims he was absent for about 20 minutes but the union at the plant says it was no more than five minutes.

The man's 22 colleagues on the assembly line walked out on Tuesday in protest against the official warning given to him. The management said yesterday: "This was in breach of normal procedure and againsts the advice of their convener. All 23 men were suspended from work for three days

White-collar staff gives its view

THE MANAGERIAL Professional and Staff Liaison Group which it says represents more than 400,000 white collar staff yesterday submitted its views on industrial democracy to Mr. S. Clinton Davis, Trade Under-Secretary.

The group agrees with the principle of industrial democracy but stresses that legislation should provide a legal entitlement for managerial, professional and salaried staff workers to participate in the democratic processes within companies.

New statutory role proposed for ACAS

BY OUR LABOUR EDITOR

A STATUTORY arbitration role for the Advisory, Conciliation and Arbitration Service, taking into account a national assessment of pay and prices is proposed today in a Lloyds Bank economic bulletin article.

Mr. Christopher Johnson, the bank's economic adviser, suggests that the National Economic Development Council should be the forum for economic discussion between Government, employers and trade unions.

ACAS should be "weaned away from its present role of furthering trade union interests" and given powers to arbitrate on industry-wide pay agreements. It would take into account the objectives outlined by the NEDC talks, and use the Central Arbitration Committee as a "court of appeal."

Also an Industrial Democracy Commission, first proposed by the Bullock committee, should monitor negotiating arrangements in large companies "so as to adapt industry-wide pay agreements to the circumstances of particular plants."

There is no reason to keep participation machinery separate from pay bargaining.

Measures to deal with strikes —whose economic impact was often exaggerated—were less fruitful than reforms in bargaining itself.

But the TUC, in its recent joint statement with the Government, has said that arbitration should be a last resort. ACAS has traditionally fought shy of any connection with incomes policy for fear of losing the confidence of unions and employers.

British Gas offers 8% deal

By Nick Garnett, Labour Staff

A PAY offer worth 8 per cent on the wages bill was made yesterday to the gas industry's 42,000 manual workers.

The offer, made to pipe layers, maintenance men, fitters and other grades working for British Gas involves an increase on basic rates together with improvements in call out payments and other alowanlces.

Pay negotiations for the group will be resumed next month. It was decided that the joint management-union working party which has been drawing up pay proposals and which reported to the full industrial council yesterday will not meet again during the current wage round.

The industry's manual unions, principally the General and Municipal Workers and the Transport and General Workers had submitted a claim worth about 20 per cent.

This included an increase in basic rates to protect the workforce against inflation over the next year, changes in pay structure, a shorter working week and new holiday and bonus payments.

Dockers agree to 5% pay rise plus productivity

BY OUR LABOUR STAFF

SOUTHAMPTON DOCKERS have accepted a pay deal within single percentage figures which is likely to be followed by similar settlements in some of the country's other ports.

The deal, covering 1,900 men, includes an increase of about 5 per cent in basic wage rates together with further improvements linked to increased productivity.

In return for specific changes in working practices, which allow Southampton dockers to work longer hours, overtime rates have been improved.

The employers have also raised their contribution to the retirement gratuity fund and sick pay has also been increased as part of the deal which was sanctioned by the Government.

In a separate agreement, the employer, the British Transport Docks Board, has agreed with the unions changed working arrangements to improve the turn round of container vessels.

The docks board, which also operates at Hull and Grimsby, was hoping yesterday that a settlement on Humberside would now follow the Southampton deal. Negotiations there were resumed yesterday.

Bristol and London's enclosed docks were due to settle in January with Manchester in March and Liverpool in May.

Employers and unions have also agreed to raise the dockers' national minimum daily payment, which applies to some of the smaller ports from £8.50 to £9.50.

Pay arbitration award of 15%

BRITISH Aerospace managers and senior design engineers at the company's Manchester factories have been awarded pay increases of 15 per cent by the Central Arbitration Committee.

The award, made under the "fair wages" resolution, will be backdated to August last year for the 400 staff, all members of the Association of Scientific, technical and Managerial Staffs.

It will be on top of any settlement reached on the managers' and engineers' annual pay increase.

Milne loses court battle

FORMER LABOUR MP Mr. Edward Milne has lost his High Court battle with the Union of Shop, Distributive and Allied Workers, which sponsored him in parliament for 14 years.

Mr. Justice Foster ruled yesterday that the union had been justified in removing Mr. Milne from its Parliamentary panel when he stood as an independent Labour candidate against the official Labour nominee at Blyth, Northumberland.

Mr. Milne's claim that he should have been reinstated as an USDAW officer after his defeat in the October 1974. general election was dismissed.

The judge also rejected his claim for salary arrears of £14,000, or damages for loss of office.

Mr. Milne automatically ceased to be a member of the union's Parliamentary panel when he stood against an official Labour Party candidate, said the judge.

"The union is affiliated to the Labour Party and can only sponsor official Labour candidates."

When Mr. Milne received back his contributions to the union's superannuation fund he did so on the understanding that he had ceased to be employed by the union, said the judge.

A member of the Parliamentary panel had to be a delegate to Labour Party conferences—and the fact that Mr. Milne had stood against an official candidate made him ineligible to act as a delegate.

"I can find no instances where the union failed to observe the principles of natural justice," said the judge.

After yesterday's judgment Mr. Milne said he would consider an appeal. His dismissal from the Labour Party and from union office was designed to remove him from public life, he claimed. But he would stand as an Independent Labour candidate at the next election.

Dockers move car backlog

THE BACKLOG of car imports and exports which built up during the recent lorry drivers' strike is providing much work at Liverpool's South Bidston dock at Birkenhead.

This week the dock handled its biggest vessel so far, the Blue Matsuyama, 4,435 tons which unloaded 279 Ford cars from Flushing, and took on 209 Ford Escorts produced at Halewood. Earlier, 359 vehicles were landed from the Continent and 248 Escorts were loaded. There are also regular shipments of 520 Peugeots coming ashore.

Civil Service strike roundly condemned

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE ONE-DAY strike by the two Civil Service unions planned for today and the subsequent campaign of disruption were condemned in the strongest possible terms by the Prime Minister in the Commons yesterday.

Appealing to the Civil and Public Services Association and the Society of Civil and Public Servants to call off their action, he declared: "There is absolutely no reason for a strike tomorrow at all. I really have no words of defence for what is being done. I can't find any words to excuse it."

He emphasised that the strike was taking place before the Civil Service Pay Research Unit had finished evaluating the union's claim. Mr. Callaghan promised that the Government would not give way to pressure and that the claim would be examined on its merits.

"Otherwise we shall get into a most dangerous situation if any group that thinks it has the power believes that it can push the whole community around. I think the community has to say 'Thus far and no farther.'

"If people are of the opinion that the only way you can get anything is by strikes then the Government should make it clear that it will not be pressured when claims are irresponsible."

Mr. Callaghan dealt summarily with criticisms from Mr. Dennis Skinner (Lab., Bolsover), a leading Left-winger, who objected that the trouble in the Civil Service had been boiling for some time and that it followed repeated cuts in public expenditure.

The Prime Minister said: "You don't know anything about it. It is about time you stood by some of the agreements being made instead of trying to have them broken."

Contingency plans were being made to deal with the effects of the strike. Mr. Callaghan would not elaborate.

In answer to the Opposition, however, he indicated that they would deal with possible disruption in the law courts and of immigrations and customs at air and sea ports.

Mrs. Margaret Thatcher, leader of the Opposition, observed that the strike cast considerable doubt on the effectiveness of the Government's concordat with the TUC. Only a week after the agreement had been drawn up, it was being breached by two unions going on strike before their current agreement ran out.

Mrs. Thatcher urged that emergency services should be maintained for air traffic control and airport immigration.

She thought that the situation showed the wisdom of resisting a closed shop for civil servants and asked for an assurance that those who stayed at work today would not be victimised.

Mr. Callaghan agreed that the strike demonstrated the importance of keeping the agreement drawn up with the TUC. He felt that nothing other than a sense of responsibility would keep people at work.

The intention of the strike seemed to be to discomfort the public and to get at the Government machine in the most vulnerable areas.

He upset some of his own backbenchers when he thanked in advance those civil servants who would be remaining at their posts today.

Mr. John Ovenden (Lab., Gravesend), Parliamentary consultant to the Society of Civil and Public Servants, assured him that the strike was not in defiance of agreements but wholly in their defence.

Mr. Callaghan rejected that. A settlement would have to be negotiated properly, not under duress. He was not asking members to defy their unions, but was asking them to keep their contract and go to work.

From the Tory benches, Mr. Kenneth Baker (St. Marylabone) recalled that one of the union leaders had said that the strike was taking place because it was the only thing the Government understood.

"Isn't that a damning indictment of the Government?" he asked. "When the Prime Minister speaks strongly and acts weakly he will continue to be looked upon as a pushover."

Ratepayers to bear cost

BY IVOR OWEN

RATEPAYERS WILL have to meet the cost of the additional £1-a-week offered to local authority manual workers until August, the Prime Minister told the Commons yesterday.

He insisted that the finance required falls outside the agreement made by the Government with the local authority associations.

"What we stand on is the 9 per cent which we originally offered and on which there is agreement, Mr. Callaghan said.

Mr. Norman Tebbit (C, Chingford) asked if that meant that the Goverment would not increase the cash limit relating to the rate-support grant beyond the figure needed to finance the basic 9 per cent increase.

The Prime Minister asked him to await the statement on the Government's revised public expenditure plans, which is expected today.

Red tape baffling even civil servants

GOVERNMENT "RED TAPE" is becoming so complex that not only does it baffle the public, but even officials are at a loss to understand it all, according to Sir Idwal Pugh, retiring Parliamentary Commissioner of Administration, or Ombudsman.

Sir Idwal, in his final report yesterday, says that because of that, the number of complaints he had received had risen greatly.

He singles out the Inland Revenue and the Social Security service for special comment, and complains about the "extraordinary complications" of their administrations.

Those complications, he says, "are now commonplace and may be expected for that reason to give rise to increasing complaints from the public, who cannot understand either the decisions affecting their own cases or the language in which they are comunicated."

He says that most serious cases with which he has had to deal are not caused by the fault of individual civil servants.

Sir Idwal, who retired in January and was replaced by Mr. Cecil Montacute Clothier, QC, makes a plea to departments to spend more time on seeing the fair administration of their existing policies and less on formulating new ones.

Gatwick needs new runway, Lords told

DEVELOPING GATWICK as a single-runway airport was "an extraordinary mistake," Lord Boyd-Carpenter, told the Lords yesterday.

He said that plans to develop London's airports were falling behind any reasonable assessment of demands for the future.

Opening a short debate the Tory peer called for a second runway at Gatwick, further terminal buildings at Heathrow and better facilities at Stansted.

At Heathrow, congestion in the terminals was "up to and sometimes beyond the limits of human endurance," he said.

"It has reached the stage where it is already damaging the economic interests of the country. And there is no sign that there will be any additional facilities there for two or three years and only then if the Government acts urgently."

It was always better to err on the side of over-rather than under-provision of airport facilities. He gave a warning that if airlines could not get into London they would go to Paris, Amsterdam or Frankfurt.

Lord Boyd-Carpenter said it was becoming increasingly urgent that the Government acted to secure a second runway at Gatwick as the single runway would be insufficient to cope by the mid-1980s.

Referring to the reported comments of the chairma nof the British Airports Authority that there was no room available for a second runway, Lord Boyd-Carpenter said: "I think he is misinformed."

He had plans for two possible routes. "But even if he is right, then for a matter as important as this, further land should be acquired for the purpose."

Lord Boyd-Carpenter, pointing out that a second runway was in the original plans for the airports, said that it would marginally increase the use of the airport. On environmental grounds, a second runway had advantages because the traffic and the noise could be spread.

He called for the development of Stansted Airport to cope with holiday charter traffic.

TV violence inquiry plea

AN MP's suggestion that TV programmes should have censorship ratings like films is to be put to the broadcasting authorities by Mr. Merlyn Rees, Home Secretary.

Mr. Rees had told questioners that research had proved that violence on television influenced the behaviour of viewers. What mattered now was what the BBC and IBA were going to do about it.

Replying to Mr. David Stoddart (Lab., Swindon) who raised the issue and called for an urgent inquiry, he said he was not sure that any more evidence was needed.

Then Mr. Bob Cryer (Lab., Keighley) said it was ludicrous to have a "censorship indication" for cinemas and not for TV programmes.

Mr. Rees said he would put the idea to the BBC and IBA.

Mr. William Whitelaw, Shadow Home Secretary, agreed that no more inquiries were needed. "If this House tells both the governors of the BBC and IBA that they must act now then they must respond to our request," he said.

Premier shows a royal touch

BY PHILIP RAWSTORNE

JUST LIKE Prince Charles's manager, Mr. James Callaghan breezed into the Commons yesterday and clenched his teeth firmly on the Civil Service strikers.

Rarely could there have been a more unnecessary and unjustifiable strike than today's disruptive action, he gritted, and he made clear that royal advice had been followed to the letter.

The Government ran a good ship, encouraged a sensible straight-talking atmosphere—but the bloody-mindedness still persisted.

The two Civil Service unions had defied the TUC's guidance and ignored their own contracts. They had called a strike in spite of Government assurances about the procedures for a new pay settlement. The human factor, in short, had been shown every possible concern and the Government was still being told to go to the taxidermist.

"This action is wrong both in principle and practice," Mr. Callaghan asserted irritably. "I ask the two unions to show a proper sense of leadership and responsibility."

The strike certainly cast early doubts on the effectiveness of the Government's agreement with the TUC, Mrs. Margaret Thatcher suggested smoothly.

What emergency services were now being planned for the law courts, airports, defence installations and immigration control?

Risking royal stricture, Mr. Callaghan played his hand close to his chest. Contingency plans had been made but he preferred to keep them dark, he said.

As for the Government's agreement with the TUC, the strike showed the importance of sticking to it. It called for a sense of responsibility. "I have certainly done my best to remind them."

Mr. David Steel said the unions admitted being irresponsible—that was the only way to get the Government to move.

"The Govenrment will not be pressurised," Mr. Callaghan retorted. Some groups thought they could push the community around. "I think the community has got to stand up and say thus far and no farther."

That disturbed Labour's Left-wingers who commended Prince Charles's rules of management to the Prime Minister. The Government's communications must have been at fault somewhere, they suggested.

Deal with the case on its merits, Mrs. Audrey Wise advised the Prime Minister.

Reassure the unions, Mr. John Ovenden demanded. Their strike was not in defiance of an agreement but in defence of it, he claimed.

Mr. Callaghan brusquely rejected the appeals. "There can be no words of defence, no words of excuse," he snapped.

Mr. Dennis Skinner got even less sympathy for his claim that the civil servants were not only low-paid but facing increasing unemployment.

The Prime Minister derisively challenged him to point to an unemployed civil servant. "You don't know anything about it," Mr. Callaghan said dismissively. "It's about time you stood by some of the agreements made instead of trying to have them broken."

There was absolutely no reason for a strike, the Prime Minister repeated and absolutely no one would convince him otherwise.

Power targets

SCOTTISH Electricity Boards have been set the target of breaking even on revenue next year, Scottish Secretary Mr. Bruce Millan said in a Commons written reply yesterday. The target would allow for depreciation and interest.

Callaghan criticises management

BY IVOR OWEN

CRITICISM OF British management voiced by the Prince of Wales on Wednesday, particularly in the field of communication, was endorsed by the Prime Minister in the Commons yesterday.

In accordance with Parliamentary practice, Mr. Callaghan made no direct reference to Prince Charles but he emphasised that the problem of communication in British industry was very real and widely acknowledged. "I am glad it has been given further prominence recently," he added.

Echoing other points made by Prince Charles in his controversial speech to the Parliamentary and Scientific Committee, the Prime Minister also called for greater efforts by both sides of industry to secure the adoption of practices used in the U.S., Japan and other successful countries.

"It is for industry itself to take these matters by the scruff of the neck and try to get some new thinking," he declared.

He recalled that there had been almost general agreement when the management of British industry had come under certain strictures from time to time in the past and he urged management and unions to co-operate rather than cast stones at one another. Managements ought to take employees fully into their confidence, while employees should recognise some of the difficulties which managements had to face.

Communication was an area where everyone accepted that more work must be done.

Asked about the introduction of the single status system in British industry, Mr. Callaghan said he saw that as a task for industry itself rather than for government intervention. Commonsense agreement was required on such matters as staff status and who shared canteens and other facilities.

All the questions on the speech made by Prince Charles came from the Labour benches and at one point the Speaker, Mr. George Thomas, had to remind Mr. Doug Hoyle (Lab., Nelson and Colne) to observe the custom of the House and not introduce the name of a member of the Royal Family in the furtherance of political argument.

Prince Charles qualifies words

BY MAURICE SAMUELSON

PRINCE CHARLES tried yesterday—with only scant success—to soften the impact of his speech on Wednesday blaming much of Britain's industrial ills on managers' failure to communicate with employees.

"I was trying to say there were some good managers and some bad managers—and we want more good ones," he said while visiting a factory in Dumfriesshire.

His explanation, however, failed to stem a further protest from the Confederation of British Industry.

Mr. Bryan Rigby, the Confederation's deputy director-general, came armed with statistics to a London businessmen's lunch. He cited a Confederation survey showing that 73 per cent of large companies questioned had a works council or similar consultative body and that 78 per cent of companies regularly informed employees about their company's performance.

Among workers in Portsmouth, however, the royal speech had the opposite effect. The Prince is to receive the city's fredom today and council workers were planning to disrupt the ceremony by switching off the Guildhall's heating and refusing to put up flags and flowers. There was also to have been a mass demonstration.

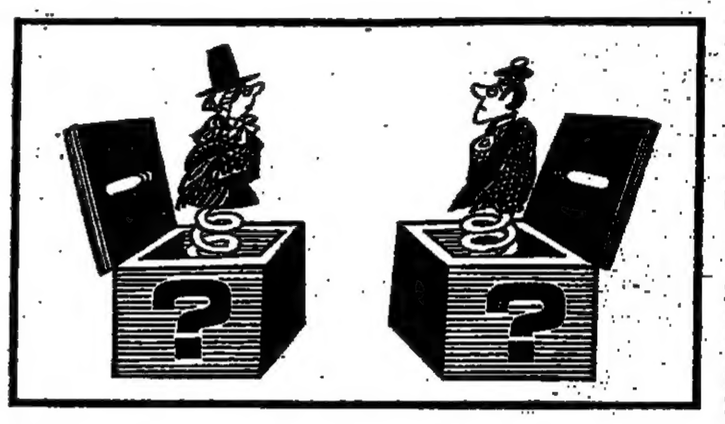
The unions changed their minds, however, after reading the Prince's remarks about uncommunicative managers.

Mr. Norman-Kelsey, chairman of the strike committee, said: "If this statement had not been made our action would have gone ahead. Now we'll be pulling out the stops to ensure a more enjoyable day for everyone."

DEVOLUTION POLL WILL SEAL GOVERNMENT'S FATE

Why Tories must battle for a 'no' vote

BY RICHARD EVANS, LOBBY EDITOR



AT FIRST glance, the Conservative Party has every reason to fight the referendum campaigns in Scotland and Wales as ferociously as possible to secure a No vote, or a result so indecisive that it would be impossible for the Government to push ahead with the plan to set up assemblies in Edinburgh and Cardiff.

The future of Mr. Callaghan's minority administration and the chances of Mrs. Thatcher's gaining power through an early general election now depend on the outcome of the March 1 referendums, particularly that in Scotland.

If the campaign to secure acceptance for devolution fails, there will be no reason for the 11 Scottish National Party MPs, on whom the Government largely depends, to continue their support in crucial divisions. Mr. Callaghan would then be at the mercy of Mr. Enoch Powell and his idiosyncratic Ulster colleagues as he attempts to hold out until the autumn in the hope of a revival in Labour's fortunes.

In two long sessions at Westminster, when the issue of devolved power has dominated the agenda, the Tories, with the aid of a determined minority of Labour rebels, have led the battle against the Government's plans.

Mrs. Thather and most of her party believe passionately that the devolution legislation is a constitutional monstrosity that might lead to the break-up of the UK.

Yet now that the referendum campaign is reaching its final stages the tactic of the Conservative leadership is becoming increasingly transparent. It is to remain on the sidelines and allow the No campaign to be fought largely by others. It is a dangerous plan that has been criticised within the party, but one that has logic on its side.

Neither Mrs. Thatcher, nor Mrs. Francis Pym, the party's devolution spokesman, while the legislation was struggling through Parliament, nor Mr. William Whitelaw, the deputy leader, will venture north as the campaign approaches its climax.

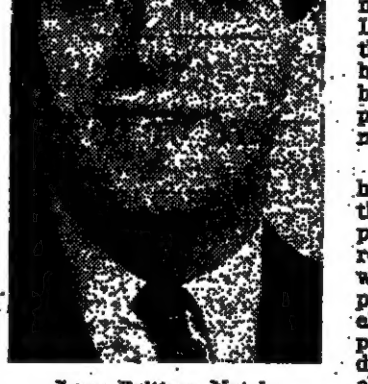
The only figures of national consequence being fielded by the Tories have been Mr. Leon Brittan, the party's devolution spokesman but who is not a member of the Shadow Cabinet; Lord Home, who has put his influence behind a No vote after sitting on the fence; and Mr. Teddy Taylor, Shadow Scottish Secretary, who has opposed the whole concept of devolution so vehemently that his personal standing in the party is at stake.

In contrast, Mr. Callaghan launched the Yes campaign in Scotland and has campaigned in Wales. Nearly half the Labour Cabinet has been dragooned into the attempts to persuade a divided Labour Party to vote in favour as much for the sake of the Government as for the devolution proposals themselves.

In spite of the criticism, the Tory leadership remains convinced that its tactics are correct.

The signs are that the No campaign is going well without needing additional help. It will be difficult for devolutionists to surmount the barrier of 40 per cent of the electorate required to vote Yes.

The Tories are therefore hoping to leave the campaigning to



Leon Brittan: Not in Shadow Cabinet.

Labour rebels such as Tam Dalyell and Robin Cook, and to the Confederation of British Industry and Chambers of Commerce, representing big and small business interests, who have helped to make the No campaign much better endowed financially than its opponents.

The tactic has the added advantage of exposing the division in Labour's ranks while the undoubted splits within the Tory Party have been effectively masked.

Only two Tory MPs, Mr. Alick Buchanan-Smith, former Shadow Scottish Secretary, and Mr. Malcolm Rifkind (Edinburgh, Pentlands) have said they will vote Yes, and the Tory nightmare that Mr. Edward Heath would follow his inclination and campaign with the devolutionists has been avoided.

The official Tory line is that the campaign should be left essentially to the Scots and the Welsh and there is probably something in that. The intervention of Mrs. Thatcher might antagonise many uncommitted voters who would resent advice on devolution from an English politician and it would tend to unite reluctant Labour voters behind the Government.

The Tories are also hoping to capitalise on their markedly improving electoral standing in Scotland, where they are running neck-and-neck with Labour, leaving the SNP a poor third. They believe the spearheading of the Yes campaign by Mr. Callaghan must in present circumstances be a mixed blessing for devolution.

There are undeniable dangers however. Evidence is increasing that the Government intends to pay only lip service to the requirement that devolution will only take effect if supported by 40 per cent of the electorate. The signs are that provided there is a majority for devolution based on a reasonable turnout, Mr. Callaghan will press ahead and try to get the legislation through Parliament.

To prevent that, it would be necessary to achieve a high No vote rather than to rely on abstentions, and that is where the failure to campaign more vigorously might be felt among Tory voters.

There are already signs of growing nervousness among Tories at the prospect of a Yes vote backed by 34 to 37 per cent of the electorate—quite a likely result on the latest indications. Many MPs are arguing that it would do the party great damage to continue to fight a proposal that had majority support in Scotland, but the influential and effective group of English Tories who fought the devolution legislation are determined to stick to the 40 per cent figure.

They would be joined in the Commons by a hard core of Labour rebels who would probably hold the key in such circumstances.

To avoid the party split like the one on the EEC that has damaged the Labour Party for years, some Conservatives are advocating a free vote after the referendum on whether an assembly should go ahead. That idea is said to have some support within the Shadow Cabinet.

Much will depend not only on the overall result but on the voting breakdown in the various regions. The Tory hardliners will have effective ammunition if the massive Strathclyde region votes Yes, but many of the smaller regions oppose or are lukewarm to devolution.

Whatever the result, it is likely to have significant implications for the Conservative Party in Scotland. Either the party will have to go along with

Trevor Humphries

Teddy Taylor: Personal standing at stake.

setting up the assembly, should the 40 per cent figure be attained or if there is a substantial majority in favour, or it will be left to the next Government to cope with the shambles left by rejection. The devolution issue is unlikely to fade quietly away.

The Conservatives, under Mr. Pym and Mr. Brittan, have put forward a proposal for all-party constitutional talks on devolution. That means in effect going back to square one, but the though of going through the devolution hoop when in office cannot be one that many Tories relish.

Businessmen back assembly

BY ROBIN REEVES, WELSH CORRESPONDENT

THE UMBRELLA Wales for the Assembly campaign challenged the Confederation of British Industry's opposition to devolution yesterday when it produced some businessmen who support a Welsh assembly.

It published the results of a survey indicating that Welsh Industry is not unduly worried if there is a Yes vote in the referendum on March 1.

There was even a suggestion that Air Wales, recently established in Cardiff, might go out of business in one to two years unless the assembly was established.

Captain J. H. Evans, the company's operations director, said that Air Wales's future depended on its being able to expand its network inside and outside Wales through a mixture of public and private enterprise.

Only a Welsh assembly would have the teeth and resources to help Air Wales to develop into a national carrier, flying directly the 1m Welsh people who go abroad on holiday from London's airports.

An assembly would also be in a position to support Air Wales's plan for a round-Wales-air bus linking all parts of Wales with the international air network: a vital ingredient for attracting more overseas investment to Wales, he argued.

Mr. Idwal Symonds, a Cardiff-based chartered surveyor with big contracts in Europe and the Middle East, could see nothing but good coming from an assembly fostering Welsh interests in the UK and abroad. Ford would not have chosen South Wales for its new engine plant if it thought that devolution would interfere with the business climate.

He and Mr. Tom Jones, managing director of Lyons Products, an electronics instrument company exporting nine-tenths of its production, emphasised that the Welsh identity of their companies was important in selling abroad.

They accused the CBI of being completely out of touch with the views of grass-roots business in Wales.

Mr. Klaus Benedict, a leading South Wales industrialist, said that there were risks reflected in the CBI view, but no alternative to breaking the Westminster bottleneck. He described the assembly as the beginning of an answer, not the end of a problem.

Professor Glyn Davies, Hodge Professor of Banking at the University of Wales Institute of Science and Technology, emphasised thta Wales was the poorest region of one of the poorest countries in Europe.

The alternative was a relatively declining position. Although an assembly was primarily a constitutional and social issue, he was confident that it could be made to contribute towards a better economic performance, particularly since half of total expenditure in Wales was by public bodies.

The campaign's business survey found that the main worry among indsutrialists was ignorance of the assembly's powers. More than a fifth admitted that they were unaware that the assembly would have no powers to raise additional taxes.

Kirkby hopes dashed

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

RENEWED ATTEMPTS by Left-wing and Merseyside MPs to get the Prime Minister to reconsider the future of Kirkby Manufacturing and Engineering were squashed yesterday in the Commons when they were told that the best prospects for the co-operative is for it to go into receivership.

Replying to a question from Mr. Robert Kilroy-Silk (Ormskirk), Mr. Alan Williams, the Industry Minister, said: "Having given financial support to KME on four occasions and set up a working party at their request, the recommendations of which were not implemented, the Government feels unable to support the co-operative's proposals and considers that a receivership offers the best prospect of saving jobs."

A Cabinet committee rejected the co-operative's application for a further £6m in loans and grants three weeks ago, and it was decided that the application would not go before the Cabinet.

Mr. Jack Spriggs, the co-op's convener-director, said yesterday that he believed some Cabinet Ministers are still prepared to support the co-op, set up in 1974 when Mr. Anthony Wedgwood Benn was Industry Secretary.

He added: "We are terribly disappointed and angry that a Labour Cabinet has taken this line. We have been invited to meet Alan Williams early next week, when we hope to find out exactly what lies behind the decision."

Interest in KME has been expressed from a variety of sources, the most recent one to be named being Mr. Robert Maxwell, former Labour MP for Buckingham.

An unnamed businessman has also come forward in the past week, but those and other approaches want Government aid in some form.

The alternative advocated by the Government, that of putting KME into receivership, would meet a hostile reaction from some of the co-op's workforce, and some MPs, on the basis that it would almost certainly mean an end to the present co-operative basis of the venture.

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Career plan LIMITED

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Tim Dickson on how U.S. pharmaceutical giant G. D. Searle sold its UK clinical laboratory to the managers

The managers who bought their own company

A PRIVATELY-OWNED laboratory, set up 10 years ago, to help market Britain's first fertility drug is itself experiencing the joys and anguish of a remarkable rebirth.

Twelve months ago six managers at the clinical *pathology laboratory of G. D.* Searle were simply small cogs in a giant U.S. pharmaceutical and hospital products concern. No doubt most of them, working as they did in a semi-autonomous unit hoped and expected that things would remain that way.

Today, however, after a year of hectic and sometimes traumatic negotiations the same six who include two women are the proud, if still slightly bemused, part-owners of an independent company, appropriately renamed ClinPath Services. Interestingly, some of the company research which resulted in the birth of the first "test tube" baby, Louise Brown, was carried out at their laboratory.

Go it alone

The story of how and why ClinPath was originally conceived carries a passion and character all its own. But the phenomenon of managers buying their own business is certainly not unique.

Industrial and Commercial Finance Corporation (ICFC) which, together with merchant bankers Keyser Ullmann provided the financial backing for ClinPath's owner-executives, has already provided equity and loan capital for no less than 23 "go-it-alone" ventures while seven similar deals are currently being actively discussed.

Elsewhere, the National Enter*prise Board attracted consider*able publicity last September by agreeing to put up £270,000 for the executives to help Powerdrive PSR purchase the Industrial Drives division of Eaton Limited from its American parent the Eaton Corporation of Cleveland, Ohio, the big motor components and electronics group.

ICFC's involvement with ClinPath is only the most recent chapter in a saga which began roughly 10 years ago at the Illinois headquarters of G. D. Searle. The group, whose control is still retained by the Searle family, owed its prosperity in the 1960s to a wide range of drugs and was one of the first companies to market *successfully oral* contraceptives.

By the end of the decade Searle was diversifying into other activities including hospital supplies, surgical goods, diagnostic products and medical and scientific instruments.

In Britain this expansion, which also included a number *of acquisitions,* led directly to the establishment of a clinical pathology laboratory, within the main UK pharmaceutical subsidiary. Searle Scientific Services—as it became known—was set up in response to the demands of launching the fertility drug Perganol, for which Searle had obtained exclusive marketing rights in the UK from the Italian manufacturer. The laboratory provided a back up service for Perganol investigators by examining the blood and urine samples of those women who were first to test the new drug.

As Dr. Alan Craig, ClinPath's current managing director and one of the laboratory's first managers, recalls, "We got an excellent response from the investigators and decided to extend the service."

From these small beginnings where the unit merely provided an internal back up for Searle's other activities, a much more comprehensive and outward looking analytical service for doctors and medical research establishments developed. A full endocrinology laboratory was built up at High Wycombe, and soon after a second laboratory opened in Harley Street to carry out more routine tests in the fields of biochemistry, haematology, histology and cytology.

Meanwhile, the unit's customer base began to stretch beyond the UK to the Continent, Africa and the Middle East, expanding on the back of Searle's extensive pharmaceutical distribution network. By 1977 a U.S. market research organisation estimated that Searle's diagnostic premises at Harley Street incorporated the largest private laboratory in the UK and the sixth biggest in Europe.

Expansion elsewhere also meant that the clinical pathology laboratories became less important in the global context of Searle Inc.

This hardly mattered in itself but as time went by it became clear that the company's growth strategy had not been successful.

In 1976 and 1977, for example, the group reported pre-tax profits lower than those for

Hugh Routledge

Dr. Alan Craig, managing director of Clinpath with laboratory technician Jackie Meredith.

1975 while in 1977, as a result of closures and a number of non-recurring charges, Searle actually recorded losses.

It was clear at this stage that the axe must fall and following a worldwide reappraisal of the group's activities, the newly appointed chief executive Mr. Donald Rumsfeld announced more rationalisation measures on January 13, 1978.

Scrap heap

The diagnostic division was just one of several operations which Searle intended to divest but as Dr. Craig recalls: "We knew something was going to happen but we didn't believe it would happen to us. Friday the 13th is not an easy day to forget."

Ironically Searle had now decided to redirect management efforts and more of the group's financial resources towards those traditional pharmaceutical activities from which 10 years earlier it had started to diversify. The High Wycombe and Harley Street laboratories did not fit into the new picture, though as a profitable and viable business they were never destined for the scrap heap.

"Initially I spent a lot of my time talking to companies, predominantly American organisations, which were interested in buying us," says Dr. Craig. "At one stage, in fact, a deal was almost signed and sealed."

The idea of going it alone took root fairly soon after the grim news. But the financial complexities and the City's plethora of cash raising institutions were at this stage a world away from the sometimes esoteric atmosphere of the Harley Street and High Wycombe laboratories.

In fact, ClinPath was led more or less straight to the right door. Two outside backers, one of whom was a *previous marketing contact,* almost immediately emerged with the suggestion that ICFC would be the best partner. And following an ICFC feasibility study, Keyser Ullmann subsequently agreed to come in on an equal basis.

There were several strong motives for wishing to become independent. Many of the laboratory's clients, mostly doctors in Harley Street, indicated that they would not be happy if the laboratories were sold to another U.S. company.

Dr. Craig, a refreshingly cheerful and genial Scot with considerable experience as a biochemist, expresses a genuine concern for the fate of private medicine in the UK. "I am more convinced that as time goes on this is going to be dominated more and more by American research organisations. We wanted to keep something with a distinctly British image."

After numerous sleepless nights for those concerned the decision was finally taken and Searle agreed to sell the two laboratories for a total £383,000. A new capital structure was immediately worked out with the two main backers, ICFC and Keyser Ullmann. Both hold £63,000 redeemable preference shares and £38,640 participating ordinary shares. In addition, the banks have between them provided a fixed interest loan of more than £100,000. The rest of the equity — *£77,280* — is divided between the six managers and the two outside backers who have since joined the Board.

The change from Searle Scientific Services to ClinPath, was a lot more than simply switching banks. Admittedly, the new company's early teething troubles will be greatly eased by Searle's initial co-operation. Relations with the former parent do not appear strained and ClinPath has now negotiated 18-month leases for the original offices and laboratory space within Searle's headquarters. Dr. Craig, however, hopes to make a clean break soon by finding accommodation for the *High Wycombe unit* elsewhere in the area.

Independence, on the other hand, presents difficulties, although Dr. Craig is confident that the members of his team (40 at High Wycombe, 27 at Harley Street) will carry on as if little has happened.

"We were very autonomous within the Searle *organisation,*" he points out. "We were providing a service whereas just about everyone else was manufacturing a product. We had our own marketing manager and did our own invoicing so the only new staff I had to take on were an accountant and bookkeeper. This is what made us so attractive to an outsider—anyone could have bought a complete package."

Run-of-the-mill administrative chores have nevertheless presented the biggest problems for a group of managers who previously left such mundane matters in the hands of a higher authority. Establishing a new payroll system, fixing insurance cover, and setting up and running a pension fund are just some of the new management's essential functions.

Independence

In such cases trial and error is often the only solution but it is much more difficult to fill the potential marketing vacuum left by Searle's disappearance.

Dr. Craig, however, insists that ClinPath has now built up a loyal list of clients unlikely to go elsewhere. Searle itself accounts for a valuable 5-7 per cent turnover but the laboratories are by no means dependent on their former parent.

"Our business is about people and most of them have *worked here since the labora*tories were set up. It is a fixed cost operation. We need laboratories, materials and staff; out of these the wages bill is by far the largest single cost."

Dr. Craig even thinks ClinPath's independence may attract new corporate customers which might previously have been put off by the unit's close links with Searle.

Clinpath's story reflects just one of the ways in which U.S. corporations are beginning to deal with the problem of "surplus subsidiaries" as divestment. But it is a positive approach which more large groups might well apply to some of their outlying offshoots, instead of—as so often—starving them of resources and letting them wither away.

Contest indicates Europe's consistent risk-capital needs

A REMARKABLY similar pattern of demand for venture and development capital in the UK, France and West Germany has *emerged during* the first stage of a competition to find a European "Company of the Year."

The competition, launched last November, is sponsored by three financing organisations—Development Capital, in the UK, Sofinnova S.A., in France and Deutsche Wagnisfinanzierungs-Gesellschaft, in Germany.

There is no cash "prize" as such, but the winners in each country will be offered up to £100,000 of finance on normal commercial terms by each of the three sponsors. Also, the number of awards will not necessarily be limited to one in each country and each finance company may decide to offer cash to a number of concerns if it feels that they are commercially viable and suitable for the type of finance they have on offer.

More than 350 applications for finance have been received as a result of the competition. In the UK, where the contest is being regularly featured on BBC 2's The Money Programme, 152 entries were received. In France, where Antenne 2 Television is also involved, the number was 100 and, coincidentally, an identical number responded in Germany.

The breakdown of the number of propositions "worth reading," as the sponsors put it, is as follows: UK, 81 (which is 53 per cent); Germany, 55; and France, 40. The numbers are then broken down into those of "interest commercially" and here the figures are 23, around 18, and 12 respectively. Those "of quality" number eight, about nine, and 12.

Although those companies or projects stripped out of the running after the first breakdown have no hope of getting money from the sponsors they nonetheless have some further chance of getting finance elsewhere since the majority are likely to be introduced to other financing organisations ranging from banks to project finance types of organisation, such as the UK Government's National Research Development Corporation.

It would be dangerous to sug*gest that the figures to date* provide a statistically accurate picture of the level and quality of demand for development capital in Europe.

However, it seems fair to suggest that the number of applications in each country are a pointer towards the demand that can generally be expected from competitions such as this, particularly as the numbers involved bear comparison with those that Technical Development Capital experiences with its Innovator of the Year Award.

Entrants to the competition cover a broad range of activity, both in manufacturing and service industries. Some are established enterprises, while others are at a formative stage. For example, around 16 of the British entrants are what Mr. Hugh Armstrong, managing director of Development Capital, describes as "very young ideas, verging on inventions and which are virtually at the prototype, pre-production stage."

The final category into which entrants in all three countries have been broken down is what is loosely described as "those which we feel we might be able to do a deal with." Here the figures are: UK, four; Germany, about five; and France, three to five.

Out of these 12 or so companies will eventually emerge a European Company of the Year. First, however, there will be a further assessment of companies by each individual sponsor to produce a national winner qualifying for the finance of up to £100,000. The money is being put up by each national sponsor—thus in the UK it is Development Capital, an associate of Small Business Capital Fund and Development Capital Investments. The eventual overall winner will receive a special award.

The contest clearly has provided the three sponsors with an ideal opportunity to reach a large number of potential new clients, as does any competition of this type. At the same time, the close co-operation that exists between them is likely to lead to a useful pool of information being accumulated on the types of small companies currently seeking finance in the UK, France and Germany, how they operate and what their aspirations are.

Nicholas Leslie

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● TRANSPORT

Might speed the flow of traffic

AN IDEA has been reported by consultant Jan van Tilburg, 6 Clarendon Gardens, London, W9 1AY (01-286 7635) which might speed up the flow of traffic at intersections controlled by traffic lights.

It is based on the perception that a line of cars at the lights is never able to move off with maximum effectivenesss because all the drivers cannot release their handbrakes and start moving at the same moment, like a line of railway trucks. Even if they could, there is always the chance of a slow vehicle at the front of the queue holding up the cars at the rear.

Van Tilburg's suggestion is that there should be two sets of traffic lights at each of the four entries to the intersection, the normal light near to the actual crossroads and another back down from it by a distance of a few car lengths.

The "early" light would be made to change to red several seconds before the normal one so that the traffic between the two lights will vacate from that section of road.

By the same token the "early" light is made to turn green several seconds before the normal one.

As a result, claims Van Tilburg, the traffic entering the intersection does so at a higher speed than normally because the front of the queue is able to make a brisk start into an empty space.

A slight difficulty of the *arrangement is that an accelerat*ing green phase of traffic coming from one direction could "catch the tail" of the "box" catch coming across the intersection from the other, but this could be easily overcome by a short all-red phase on the normal lights

Skims o'er land or sea or foam

ALREADY BEING used by the Government of Oman for semi-military purposes, and now on its way to Third World countries, is an amphibious craft said to be the first new British hovercraft to go into production for nearly six years.

It is intended to bridge the gap in areas where conditions are too severe for smaller hovercraft, or where larger models are impractical or uneconomic, says the maker of the Skima 12, Pindair, Quay Lane, Hardway Gosport Hampshire PO12 4LS (07017-873830).

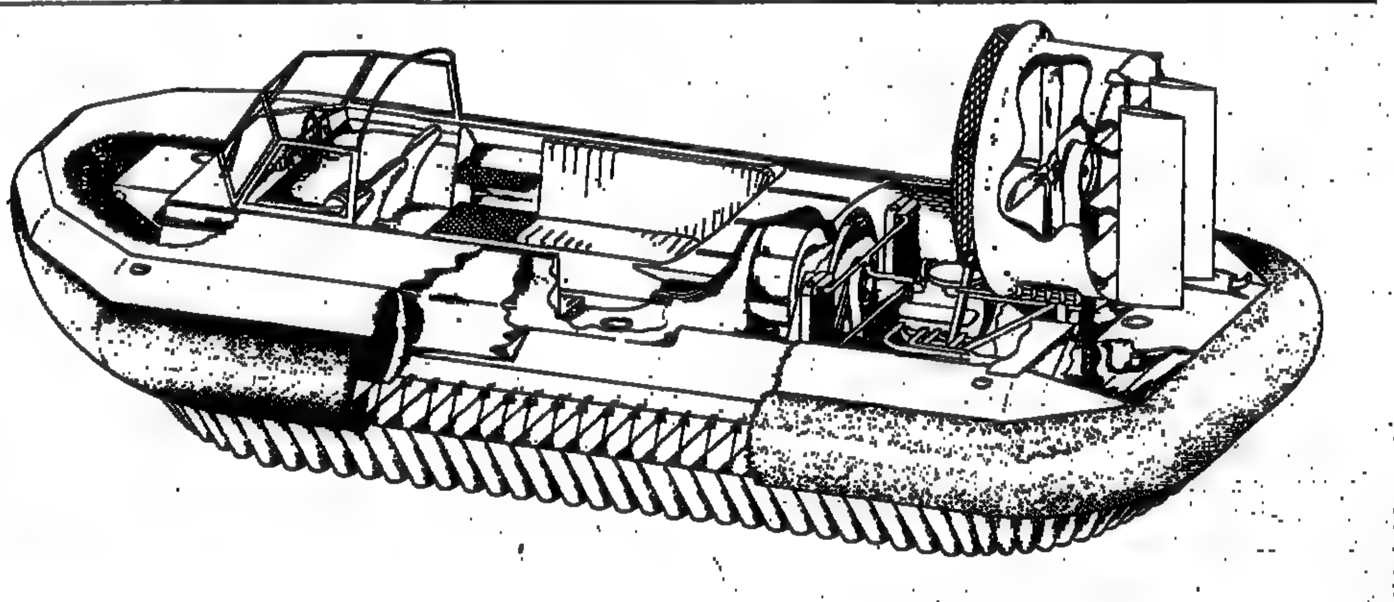
Operating on firm land and deep water skimming easily over soft mud and sand, shallow water, rapids, weeds, flotsam, ice and snow—and other surfaces which preclude the use of vehicles or boats—it will also cope with relatively rough seas, thick vegetation, strong winds and steep inclines, states the company.

Craft weighs 1 tonne and is a 12-seater which can carry its own weight with power to spare. It can stop quickly and safely from high speed and is so manoeuvrable that it is able to turn in its own length. Controls are simple, quickly mastered and, says the company, any competent car or boat mechanic can carry out maintenance.

Probably the largest hovercraft which can be readily transported, it can be easily carried by road, rail, air or sea during delivery and as part of its routine task.

Once transported, it should be ready for operation within minutes—a valuable consideration for duties undertaken by military, police, coastguards and rescue services. Applications are also suggested for fixed base operations such as passenger/freight ferry, pilot or harbour patrol, and surveys and pest control.

Skima 12's cruising speed is 30 knots, with top speed about 40 knots. From 5 knots upwards it is said to leave no wash.



● COMMUNICATIONS

Police systems for Midlands

A FULLY integrated police radio control system is believed by the suppliers, Pye Telecommunications of Cambridge, to be one of the largest in Europe, covering an area of *about 350 square* miles with a population of 2.8m in the West Midlands.

Designed to a Home Office specification and completed within a year, the new equipment completes the integration of the three previous control centres at Birmingham, Wolverhampton and Coventry into one central control centre. The new Pye Mascot 1000 equipment is at the heart of the network and is located in a new control room at Bournville.

It provides multi-access facilities—all the available channels, line or radio, can be used from each of the 22 operator's desks, the supervisor's desk, or from a remote operator's position located five miles away at the West Midlands Police Authority's headquarters in Birmingham.

Other Mascot terminals have been installed at sub-divisional police stations which, together with the control room units, provide full interconnection between the various radio channels, so that any car can be connected to any other car or officer on foot with a personal radio, irrespective of location within the West Midlands police area.

In effect all the officers will have rapid and automatic access to a very large number of channels, radio and line, while the operators will be able to respond to a local dedicated channel should operations require it.

Calls dealt with more effectively

RELIANCE AUTOMATIC call distribution system allows calls from the PABX or direct from Post Office telephone lines to be allocated among a number of operators in strict work-loading sequence. Callers' inquiries are dealt with quickly and efficiently.

However, information needed by the operator may be in files all over the office and to save transferring the caller to colleague after colleague, the Reliance system can be fitted with remote jack-plug panels. These allow the operator herself to refer to the various files, connecting back to the caller from the various parts of the office she visits.

The system has the advantage that operators deal with an inquiry, booking instruction, information update, etc., in its entirety, leaving no chance of message-passing errors and wasting no time queuing for various clerks' attention. Furthermore, if the information she finds is not what the caller expected or is incomplete, a second trip to the records is unnecessary—the problem is sorted out on the spot by talking to the caller and referring to the file at the same time.

Reliance suggests that this simple solution could, in many offices, be more economic than multi-terminal data retrieval systems where the volume of reference does not justify their cost.

Reliance, Turnells Mill Lane, Wellingborough, Northants, NN8 2RB.

● MATERIALS

Alloy has memory

SEVERAL YEARS of research and development work at the Katholieke Universiteit Leuven *in Belgium have resulted* in a copper alloy called Proteus.

Now, N.V. Bekaert S.A., in co-operation with a number of other Belgian organisations is to commercially pursue the development of the market for the product.

Such alloys possess properties of considerable engineering interest including that of "shape memory" by which a piece of the material can have different shapes above and below a critical temperature. The material can also support reversible deformations under the influence of mechanical stress, and could have applications in the damping of vibration and noise.

N.V. Bekaert is at B-8550 Zwevegem, Belgium. In conjunction with Metallurgie Hoboken-Overpelt S.A., it has concluded the agreement for development with Leuven Research and Development VZW.

● COMPUTERS

Olivetti's new office machine

THE COMPUTER which made Olivetti a leading contender in the office computer market, the "A" range, which the company says has been installed in 100,000 companies throughout the world, is to be superseded by a new model, the BCS 2030.

Available in ordinary ledger card, magnetic ledger card and a "specialist applications" twin cassette version, the machine will have some improved hardware including a 100 character per second printer, a 32 character plasma display for operator interaction and a self-diagnostic facility.

The company states that the original OPAL software has been "dramatically improved" in its translation to the BCS 2030. The software packages are based on parameter control and allow the user to select his programme with a wide range of options.

Prepared software includes invoicing, sales ledger, purchase ledger, payroll, stock control and costing, but there are in addition specialist packages for accountants, solicitors, time control, hire purchase and credit rental.

More from: 30 Berkeley Square, London W1 (01-629 8807).

What ICL users will require

USERS of computers built by ICL will have the occasion, later in the year, to discuss with some of their most experienced colleagues the urgent question facing the company, namely what it is going to do in a communications-oriented world.

Problems of conversion affect users of practically every computer and those arising from the switch by ICL from the 1900 to the 2900 series have had more than their share of publicity, probably because 1900 users have come to appreciate that series of machines so highly.

At the conference being organised by Information Studies users will ask where ICL is proposing to go in networking now that Burroughs and Honeywell have followed IBM with statements on their plans and products in this area.

They will also discuss how 1900s are built up into network controllers, and ICL in a mixed hardware environment.

An attempt will also be made to define exactly what it is that users want.

Further details from Information Studies, Regal House, Lower Road, Chorleywood, Rickmansworth, Herts. WD3 5LQ. 09273 4244.

A future in compatibles

TEN YEARS ago Itel initiated an operation to provide improved performance with obsolescent, smaller machines of the IBM 360 series. Legal actions were fought, but plug-compatibility was introduced nevertheless, and from those early beginnings the business has grown to the stage where new IBM equipment can be challenged even before it is launched.

More recently Amdahl shook large users with the announcement of an economical replacement for the 370/168. Plug-compatibility now could apply to machines worth 2m and more.

Recent announcements of the IBM 8100, offering low-priced memory, using 64K RAM chips and unbundled software, are in direct competition with the plug-compatible suppliers, notably Itel and Amdahl.

Those companies who have moved away from IBM must wonder what is the future of plug-compatibles and whether their current growth rate will be diminished by IBM's aggressive new pricing policy.

To answer these and other vital questions, both suppliers and users have been invited to participate in a one-day conference (The Challenge of Compatibles, Cafe Royal, London W1) on June 14. Between them they will be covering all aspects of plug-compatibles price, performance, support, maintenance, upgrading, delivery and installation and will discuss the advantages and the disavantages that plug-compatibility brings.

Further details from BIS Applied Systems, York House, 199 Westminster Bridge Road, London SE1 7UT. 01-633 0866.

How to run data bases

TO HELP local authorities throughout the UK select appropriate software for data base systems, the Department of the Environment via its LOGIS research programme has commissioned a two-phase study from BIS Applied Systems.

Data bases are being used by some authorities already and their application will increase quickly, posing a nationwide *problem of evaluating different* systems. The task will be eased by this study, which is to be completed during 1978. Its results will be made available to local authorities as a comprehensive set of procedures and techniques illustrated by examples of their use.

Results of the second phase, which is nearing completion, will be relevant to all potential users of data base software and not just local authorities, especially where they are first-time users of data base systems, to evaluate the various software packages on offer in terms of their own applications.

Guidelines will also be developed to assist local authorities in tailoring the procedures and techniques to their individual problem of selection.

The four types of software to be covered are data base management systems (DBMS), data dictionary systems, report generator software, and teleprocessing systems used in conjunction with DBMS. So that these procedures and techniques will be truly tested before they are documented, a range of software suitable for local authority use will be evaluated as illustrations of applying the techniques.

BIS, York House, 199, Westminster Bridge Road, London, SE1 7UT. 01-633 0866.

● LIGHTING

Convergence of beam can be varied

LATEST theatrical lamp from Rank Strand Electric, PO Box 70, Great West Road, Brentford, Middlesex TW8 9HR (01-568 9222) has a 15 to 28 degree variable lens system and a 1,000 W lamp to cope with throw distances between eight and 17 metres.

Known as the T-spot 84, the unit has two lenses sliding independently and smoothly along internal rods, providing the beam spread variation and allowing hard to soft edge quality to the beam, which is shaped by four externally operated shutters.

External controls allow adjustment of the beam shape, *spread, edge quality and distri*bution. The rigid front is provided with thread inserts for the positive attachment of colour change wheel or semaphore colour change accessories.

There is also a quick change lamptray assembly, a rear grab handle and a fast-access top cover for lens cleaning.

هكذا من الأصل

Financial Times

INSTEAD OF A NEW CAR EACH YEAR, VOLVO BRING YOU A BETTER CAR EACH YEAR.

This philosophy doesn't get us a great deal of mileage in the motoring press.

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The 1978 Volvo.

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FINANCIAL TIMES REPORT

Friday February 23 1979

The South West

Lacking a sense of identity

By Robin Reeves

"WE DON'T want any more of this regional nonesense based on Bristol. That city has as much to do with us as Paris."

"We regard Bristol as part of the West Midlands." These are just two of the comments heard during a recent visit which vividly illustrates that the South West is certainly not a region with common sense of identity. The first remark came from a patriotic Cornishman who went on to describe how crossing Tamar Bridge gave him, and most Cornish people, the definite feeling of entering England. The second was made by a Devonian in Exeter, now little more than an hour's drive from the supposed capital of the South West.

The region really breaks down into four areas. First, there is the solidly prosperous and successful greater Bristol area whose sphere of influence extends into Somerset, Wiltshire and Gloucestershire. Second, there is Plymouth, whose size and influence dominate every other town and city in the peninsula. Third comes the rest of the county of Devon, overwhelmingly rural but agriculturally very prosperous. And fourth is Cornwall with its unique Celtic identity and an economy traditionally based on *mining and quarrying, fishing* and tourism.

Greater Bristol has an enviable record for economic growth. The aircraft and related engineering industries, the petro-chemical and port-related industries at Avonmouth, and the city's heavy involvement with the consumer-oriented industries of drink, tobacco and packaging have given the area a solid economic base. In the early 1970s the city experienced an influx of new office employment by insurance companies and banks relocating the bulk of their staff from London.

The rundown of the Concorde programme and a general rise in unemployment as a result of the 1974-78 recession did trigger anxiety that greater Bristol was in danger of joining the ranks of the depressed areas. The city even went to the length of preparing a case for it to be granted a degree of development status under the Government's regional development policy.

However, these economic anxieties have been largely allayed over the past year. The Concorde rundown has been achieved painlessly—certainly no redundancies have been declared—and Bristol has won a major economic prize in the decision of Inmos, the National Enterprise Board's micro-electronics subsidiary, to set up its research and development headquarters in the city.

There are already indications that a number of other companies with an interest in the micro-electronics field are thinking of setting up in or near Bristol as a result of the Inmos decision.

At the South West's other extremity, Cornwall, the *atmosphere is* very different. Only this month has come the announcement that British Shipbuilders wish to close the Falmouth ship repair yard with the loss of about 1,400 jobs. It is a body blow to the local economy which could force unemployment, already running at around 15 per cent, to as high as 30 per cent. The conferring of a special development area status on Falmouth by the Government might help to attract in some industry but the move is probably too late to have any effect for at least a year.

Falmouth

Last year, the same area lost about 700 well-paid jobs as a result of the closure of the Mount Wellington and Wheal Jane tin mines. Although moves are still afoot to maintain operations at Wheal Jane, the signs are that it will be a greatly slimmed down operation. One trade union official said angrily that the way things were going the Falmouth area would become the Jarrow of the 1980s. This is hopefully an exaggeration. But Devon and particularly Cornwall are passing through a period of transition, triggered by a major improvement in communications, the UK's Common Market entry and the more difficult economic climate.

Plans laid in the 1950s and 1960s for improving the region's road network are now all but complete, based on the M5 motorway. Road schemes have been undertaken to bypass many towns, greatly easing the bottlenecks in summer for which the South West is famous. Journey times by rail are to be transformed by the introduction of British Rail's High Speed trains on the Paddington to Exeter-Plymouth run later this year.

But perhaps the most significant change has been in passenger air travel, based on airports at Exeter, Plymouth and Newquay. The burgeoning growth of feeder flights operating out of small provincial airports has led to the creation of the region's own airline, Air Westward.

This dramatic change in the communications infrastructure is obviously of key importance in attracting new industry. Devon has its employment difficulties and particularly Plymouth, where a population of a quarter of a million is enduring a level of unemployment of 8.3 per cent. Elsewhere in Devon it is conceded that the unemployment is exaggerated by seasonal factors associated with the heavy dependence on the tourist industry. But Cornwall, with a rate of more than 11 per cent—even before the Falmouth ship repair yard closure — is among the highest jobless counties in Britain.

In the past year, there has been a welcome influx of new enterprises, including some modern science-based ventures attracted by the clean environment. A number of companies have moved there simply because their owners are attracted by the quieter life-style, peaceful industrial *relations and unique country*side and amenities.

The scent of oil-related industries is also in the air with the start just before Christmas of the first exploration well in the UK sector of the Western Approaches by the state-owned British National Oil Corporation. Falmouth is gearing itself as an offshore supply base, but these are early days. In the meantime it will take more than a few growth ventures to soak up present unemployment and provide local jobs to meet an increase in the number of young people coming out of school.

The region's non-ferrous mineral deposits continue to be explored and exploited and there is every reason to expect profitable ventures to emerge from time to time — providing the metal price is right.

The South West's agriculture, predominantly concerned with dairy and livestock production, is highly efficient and has nothing to fear from Common Market competition, providing the Government does not manipulate the green pound too harshly in Britain's consumer's favour. Early vegetable growers in Cornwall, on the other hand, are facing a difficult time as a result of competition from Brittany growers — whose produce enters Britain via the *Roscoff-Plymouth ferry.*

Most serious of all is the possible effects of the EEC common fisheries policy on Devon and Cornwall's inshore fishing industry. Unless Mr. Silkin, Minister of Agriculture, secures a common fisheries policy in Brussels which guarantees the small fishing ports of Devon and Cornwall a future, it will not only destroy the livelihood of hundreds, but also one of the principal attractions for the millions of tourists who visit the area each year.

Ending the travel nightmares

LITTLE MORE than a decade ago, a journey to the South West of England had all the characteristics of a Great Adventure. By car, an overheating nightmare of twisting roads, death-defying attempts to overtake combine harvesters, spurred on by back-seat children who wanted to go home after 30 games of I-Spy. It was little better on trains, which appeared to have heaters that worked only in July and buffet cars that remained stubbornly locked.

If the purpose of this nightmare was a holiday, then you certainly needed one by the time the journey was over. If the purpose was business, then all too many businessmen returned with justifiable, if exaggerated, stories which added up to "it's not worth the effort." And that was another nail in the coffin of the south-west's economy.

Images die hard, but if ever an image was living in the past, that one is. The most successful revolution is over before anyone knows it has started and what has happened in the South West in the last few years, especially in terms of its communications, undoubtedly amounts to a revolution. Only now are people outside the area beginning to find out about it.

When the Queen opened the Severn Bridge in September 1966, few people realised the remarkable effect it would have in boosting trade links between Britain's main industrial centres and South Wales and the South West. And when Brunel chose a wide-gauge system for the railway line to the far south west a century earlier even he could not have realised that his decision would put the area in the forefront of *high-speed rail* travel.

It was the skill with which Brunel engineered the line that was decisive in BR's introduction of the High Speed Train (HST) between South Wales, Bristol and London in October 1976. The statistics of what has happened since speak for themselves.

In the first two years—to October 1978—the HST carried 10m passengers, an overall growth rate of 33 per cent. During one month near the end of 1978, there were over 11,000 passenger journeys between Bristol Parkway—the station purpose-built for the HST—and Paddington. That was a 150 per cent increase on the same period in 1976.

For British Rail, the HST is a major success. The route had been losing business to road traffic with the completion of the M4 in England but BR reckons to have regained that ground with its £35m investment, which includes 27 trains, two depots and some (but thanks to Brunel, not much) track alteration.

British Rail is now tackling the competition from the M5 motorway, which runs to Exeter. By next May it will have a full HST service on the London - Plymouth - Penzance route, putting Plymouth just over three hours away from the capital and slicing the Penzance journey time to 4 hours 40 minutes, saving about 50 minutes.

It is this route that will really test BR's drawing power because, with the M5 to compete against, it is competing with a dramatic manifestation of the south-west's new-found optimism.

Work began on the M5's south-west section in March, 1967, and Mr. James Callaghan, Prime Minister, opened the final stretch—ending at Exeter—in May, 1977. It is 122 miles long and the tender price was £130m. Final figures are not available, but the true cost is likely to be about £150m.

Expert

Prof. Ray Thomas, Professor of Business Administration at Bath University and an expert on the region's infrastructure, describes the building of this "spine" as one of the three most critical factors in determining the region's growth potential in communication terms.

The M5, says Prof. Thomas, has justified all the expectations in improving access, even to Cornwall. Beyond the M5's limit at Exeter lies the A38 to Plymouth—a dual-carriageway, and in places triple-carriageway, road close to motorway standard. But the shortest route to Cornwall is via the A30 across the top of Dartmoor.

The A30 comes high on the *improvement priority list drawn* up by the Department of Transport—in fact, it is second on the list behind the provision of a major link road to North Devon from the M5. One section of this latter link, the Tiverton by-pass, will be the subject of a public inquiry shortly.

The provision of intra-region road links and of road links with the rest of Britain are two of the biggest factors which makes Professor Thomas and others optimistic about the region's capacity to prosper. But the third factor, what he calls the "flow outwards," is perhaps the most spectacular success of all.

The cross-Channel ferry services out of Weymouth, Dorset, are well-established and expanding. The one linking Plymouth, in Devon, with France, run by Brittany Ferries, began operations in a small way in 1973. The company was set up by a group of Breton farmers who wanted no more than a quicker, more competitive way of putting their produce on to the English market. In the process, they have tapped a huge two-way tourism market, boosted the South-West mackerel fishery—and put their own produce on to British shelves.

After testing the water with a small freighter, Brittany Ferries plunged in at the start of 1974 with a joint passenger/freight operation between Millbay Docks, Plymouth—then on its uppers—and Roscoff, where they blew the side out of an old quarry to create a terminal.

In that first year, the Penn ar Bed carried 83,000 passengers and 4,000 lorries across the Channel in both directions. In 1978, the number of passengers had gone up to 250,000, and lorries to 14,000, a 300 per cent increase in passenger traffic and a 354 per cent rise in freight traffic.

Mr. Paul Burns, the company's general manager at Plymouth, says it has been careful to absorb demand rather than seek to create it. Wherever the demand came from, it is clearly increasing—the company now runs a fleet of four vessels, all carrying freight and passengers, on routes which take in Plymouth, Portsmouth, Cork, St. Malo, Roscoff and Santander in Spain.

The motorway access to the far South-West has meant that Brittany Ferries can compete on time with any of the carriers based elsewhere—and indeed its Spanish run, at 24 hours, is 13 hours under the Southampton-Bilbao time. It has also been good news for the British Transport Docks Board, who was facing painful headaches every time a Millbay Docks balance sheet was put in front of them. And the docks has become a base for local fishermen, who load their mackerel into trucks and watch it sail off to the seemingly insatiable French market.

Such has been the upturn in the region's communications fortune that even air travel is beginning to take on a healthy look. In spite of limited facilities, Brymon Airways continues to operate out of Plymouth, Westward TV has recently established Air Westward at Exeter having spent some time *looking at suitable ways to* invest profits, and Bristol Airport (Lulsgate) is recovering from disappointment at the Government's seeming preference for South Wales as a base for a regional airport.

The South West still has communications problems. Its airports are still mainly of the feeder variety; its secondary roads, especially in North Devon and much of Cornwall, need improvement and the vast variations between the north and the south of the region continue to defy most attempts *to co-ordinate planning policy.*

Ten years ago, after a conversation with a director of Plymouth Argyle who had just returned all the way from a match at Carlisle, I suggested that his team would have an easier life if they joined the Spanish League. At least jokes like that no longer contain a grain of truth—and in the South West that is progress.

Peter Barnard

Saving the fish

TALK TO a fisherman from any of the traditional fishing ports of Scotland or the North of England and he will tell you that the Cornish mackerel has been the "saviour" of the British fishing industry.

Talk to a local Cornish or Devon handline fisherman about the phenomenal mackerel catch off the South West coast in the past two to three years and he *is more than likely* to tell you, with considerable venom, that his traditional fishing grounds are being plundered by "emmets" (foreigners) from the rest of Britain greedy for a quick killing in one of the last surviving big fishery stocks in EEC waters.

Talk to local planning officers and entrepreneurs eager to in-rest in onshore processing facilities and they will say that until agreement is reached on an EEC Common Fisheries Policy (CFP) no-one is willing to risk capital in new ventures which necessarily depend on a guaranteed supply of fish.

The one certainty, however, is, that the South West has in *the last two to three years* become a fishery of major importance to the UK fishing industry. Just over ten years ago in 1967 the value of landings in the region topped £1m for the first time, when it made up 1 per cent of the England and Wales catch by value; in 1977 the figure had grown to £15m and by 1978 it was estimated to be around *£25m.* Last year this represented roughly 20 per cent by value of total England and Wales landings.

The controversial hero of this *rise to importance of the South* West has been a fish not commonly loved by the British housewife, the mackerel. Of the estimated £25m *catch "landed" last year in the region it* accounted for around £12m.

However, this figure represents only the value of the catch "technically" landed (this includes the large proportion of mackerel transhipped without coming ashore to the factory ships of Russia and Eastern Europe), but it does not take account of mackerel taken by UK freezer-trawlers to Hull and Milford Haven for processing and distribution. It is estimated that this would add another £5m to the 1978 catch, making the South West fishery worth a total of around £30m.

Though the mackerel has been around the shores of Cornwall in heavy shoals since the mid-1960s, it has been caught in very large numbers only in the last few years. And this has largely been achieved not by the boats and efforts of Cornish and Devonshire fishermen but *by* the influx of trawlermen (almost 80 so far this year) from the rest of the UK searching for a living in the face of the loss of the Icelandic cod grounds, the demise of the herring, and the growing scarcity of white fish.

For Britain's deep-sea fishing fleet, which declined from 429 boats in 1975 to 210 by 1978, the winter inshore mackerel fishery off Cornwall has proved a godsend. In fact, mackerel is one of the few fish left in EEC waters which can be caught in bulk—in the UK it overtook cod in terms of tonnage in 1977. For a large trawler, costing anything up to £1.5m, to pay its way, fish *has to be caught in very large* quantities.

According to Mr. Bill Williams, Inspector of Fisheries for the South West, more than 80 per cent of the mackerel is caught by visiting boats. There has been an increase in the number of local fishermen from 1,500 in 1968 to around 1,900 last year, but this is the result of expansion in the shellfish and white fish sector. According to the Ministry for Agriculture and Fisheries around three people are employed for each one fishing, which means that the industry as a whole employs around 8,000 people in the region.

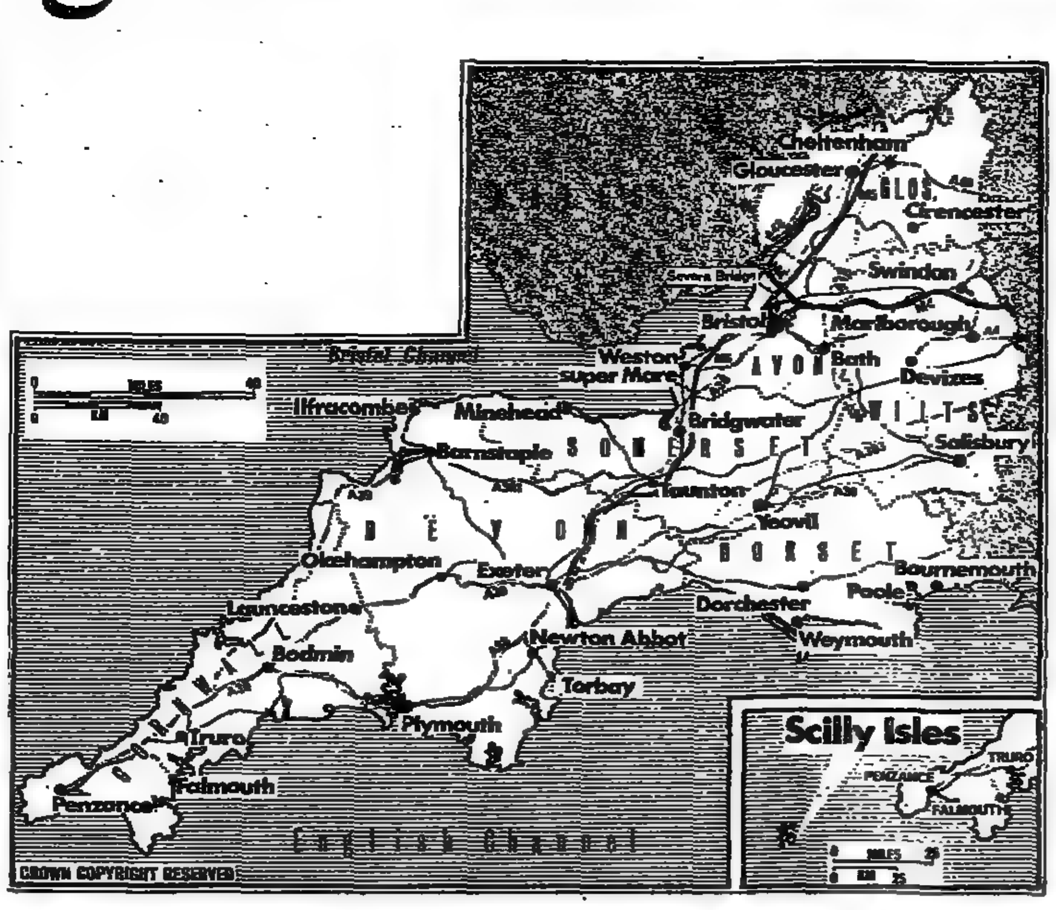
In 1974, at the height of the *local mackerel boom, there were* upwards of 800 local men involved in mackerel fishing. By 1977 their numbers had been reduced to 400, and according to Mr. Williams, are dwindling all the time.

One local trawlerman who helped pioneer the mackerel catch was skipper John Perks, whose initial success enabled *him to buy a new 100-foot* trawler to take advantage of what then looked like a prosperous local fishery. But he now says: "In the last two years I found I was able to catch less and less mackerel, until this year I was forced to give it up altogether. When a shoal appeared, within the space of *half-an-hour up to 30 boats,* bigger and more efficient than mine, would blast it out of existence."

According to Mrs. Daphne Lawry, secretary of Newlyn and District Fishermens' Association, while Devon and Cornish handliners (a technique which uses a line with up to 20 baited hooks on it) were responsible for catching 85 per cent of the mackerel in England and Wales in 1970, by 1978 she doubts whether it was 1 per cent.

Mrs. Lawry—herself once a handliner—believes in common with many other local fishermen that because of the difficulty of policing catches the self-imposed UK mackerel quota of around 300,000 tonnes is being exceeded by anything up to 30 per cent. She fears that if it continues on this scale mackerel will end up the way of the herring, with nothing left to fish.

While her claims are not easy to prove with specific regard to South West shoals, UK Ministry of Agriculture and Fishery scientists say that the mackerel catches recommended by the International Council for the Exploration of the Sea (ICES)



over the last three years are likely to have been exceeded by 30 per cent.

Nor does the region gain much from mackerel processing or exporting. According to Mr. Ian Lindley, chief executive of Brixham and Torbay Fish, one of the most successful co-operative fish marketing organisations in Britain, what is needed now is a quick decision in Brussels on a Common Fisheries Policy (CFP).

Mr. Ian Sutherland, British Shipbuilders managing director at Falmouth docks—the man who has to oversee the planned closure of the port's ship repair yard in March with a loss of over a thousand jobs—believes the prospects for developing Falmouth as a major fishing port based on mackerel are very good.

Falmouth already accounts for over 90 per cent of the mackerel technically landed in the South-West, but the bulk of this is transhipped from UK trawlers to waiting East European and Russian factory ships or is sent to Hull and Milford Haven for processing.

"If agreement is reached on a Common Fisheries Policy and the UK is able to divert a large proportion of its mackerel catch ashore, Falmouth might be able to go ahead with developing a proposed new fishing port complex in the docks area." This would be likely to cost around £10m and could not only provide another *local 1,000* jobs but would mean that the fish could be frozen and exported overland to Europe with a consequent doubling of the financial return of the fishery.

Such a development would be particularly welcome at a time when the town faces the prospect of the closure of its shiprepair yard—the largest industrial employer in the area. If the yard does close as planned in March, the effect on Falmouth would be catastrophic. The loss of over 1,000 jobs *would almost double the exist*ing unemployment rate from 13.4 per cent to around 25 per cent.

However a glimmer of hope has been provided by Mr. Christopher Bailey, chairman of Bristol Channel Shiprepairers, who has made a formal offer for the yard. Mr. Gerald *Kauffman, Industry Minister of* State, has said that British Shipbuiders is free to consider any genuine and viable offer for the yard.

But the South West's *£25m* fishery is not based solely on mackerel—in fact shellfish and whitefish provide many more jobs for local fishermen and *processors. In 1978 shellfish is* estimated to have accounted for £5.5m of the landed catch in the region and demersal species (bottom feeding) another £4m, with *spratt and pilchard* valued at around £1m.

Shellfish accounted for around a third by value of the total England and Wales shellfish catch in 1978. *Most important* are scallops (around £2m in 1978) almost solely caught by locals. There are processing factories for scallops in Plymouth and Buckfastleigh. Around 70 per cent of the scallop catch *is exported with a* large trade to France. South Devon has made crab fishing into big business (it accounts for around two-thirds of the country's catch) by *taking the* fishery further away from the shore and improving boats, equipment and techniques.

Crab fishing is a labour-intensive industry — there are eight crab-processing factories in South Devon alone.

According to Mr. Tom Jones, chairman of the Devon Sea Fisheries committee and a governor of the Fisheries Organisation Society, shellfish provide direct and indirect employment for at least 2,000 people in south Devon.

Sole is the most important demersal fish, valued in 1978 at £1m, and this is followed by ling worth over £500,000. Brixham in Devon is the leading sole fishing port in the UK, accounting for about a quarter of the country's total quota.

Richard Cowper

Profile—C. & J. CLARK

International foothold

IT WAS in the 1820s that Cyrus and James Clark, two sons of a Quaker yeoman farmed in the Somerset village of Street, began making sheepskin slippers in their spare time. From those modest beginnings has sprung a £300m international footwear business.

Today, C & J Clark is still the name of the holding company, linking a clutch of subsidiaries which, between them, employ more than 18,000 people. Half the company's assets and business are now overseas with large shoe manufacturing plants in Australia, New Zealand, South Africa, the U.S. and *Ireland.* But the company remains privately-owned—among the five biggest private companies in the UK—and the subsidiaries con*tinue to be run from* the Street headquarters, largely by the fifth generation of the original Clark brothers. The present chairman, Mr. Daniel Clark, is son of the last chairman but one.

A Quaker family, its influence is still very much in evidence. All the staff call each other by their Christian names. There is only one staff dining room and everybody from senior managers to the humblest clerk have much the same kind of office. The family always pays itself a low dividend, re-investing most of the profits in the business.

The Bear Inn, which stands opposite the company's headquarters, was bought out by the *founding fathers* in the last century in the interests of temperance, and has lacked a bar ever since. Street itself boasts two

Mr. Daniel Clark, the chairman, in Clark's showroom in Street, Somerset

swimming pools, a sports complex, a library, a theatre and cinema and a bypass, all largely financed by the Clark foundation. But it is a discreet paternalism. In keeping with the Quaker tradition of modesty, there is nothing to indicate the source of these lavish amenities, which would grace many a town or city with a far larger population. The company is also completely unionised; labour relations are good and strikes rare.

The main shoe-manufacturing subsidiary is Clarks Limited, which is divided into men's, women's and children's divisions, each with a number of separate and largely independent factories. The majority of these manufacturing units are scattered throughout the South West in such places as Bath, Barnstaple, Weston-super-Mare, Radstock, Shepton Mallet, Minehead, Bridgwater, Yeovil, Ilminster, Exmouth and Plymouth.

C. J. Clark Retail, the retail subsidiary, manages nearly 500 shoe shops and lease departments in the UK and France, including such well-known names as Peter Lord and Ravel. The other two main Clarks subsidiaries are Avalon Industries, which makes components, basic materials, machinery and tools for the shoemaking industry and Clarks Overseas, covering its foreign operations.

Management of the subsidiaries is exceptionally decentralised. A factory manager has complete power of hire and fire within his walls. The retail outlets are not tied to buying Clarks shoes but are free to buy shoes from any source which they think will sell. But the possible disadvantage of a highly decentralised management structure are offset by the *fact that the headquarters* of the subsidiaries, and research and design, all under the same roof at Street, allowing easy, informal contact between *branches of the group.*

Nimble management has never been more important than in the past seven years. The footwear business has undergone arguably the most profound changes since the Industrial Revolution. Clarks has not only kept abreast of the rapid changes in the manu*facture and marketing of foot*wear but, apart from a difficult patch in 1974-75 maintained profitability which is the envy of the industry. In shoe industry terms it is exceptionally profitable with a return on assets of 17-18 per cent, compared with the industry's general average of about 10 per cent. The last published results showed sales up 20 per cent at £184.5m and trading profits up 13 per cent to £12.92m.

What is more surprising is the way Clarks has been able to maintain such a good performance when its two main strengths in the footwear market have been under strong pressure. One is its major concentration on the children's footwear market, which has contracted sharply since 1971 with the decline in the birth rate. The other is its traditional involvement in comfortable, no-nonsense—some would say fuddy-duddy—shoes, at a time when the statutory Oxford or brogue plus suit is giving way everywhere to a more casual style of dress and fashion footwear.

The total UK footwear market is of the order of 150m to 200m pairs a year, of which Clarks overall share is 20m, about 9m of them in the children's market. But the drop in the *birth rate has meant* that while, eight years ago, a million potential new customers for Clarks' infant shoes were *being born every year,* now the number is only about 600,000.

The company has concentrated on winning a larger share of this market through its unique attention to quality well-fitting shoes which will allow children's feet to grow *healthily. A total of 3,000* shoe shop assistants a year go to the Street training centre to learn how to fit children's shoes properly and today around half the current generation of infant's wears Clark's shoes.

The company accepts stoically that the proportion falls away rapidly in the teenage market. Getting out of Clarks shoes is part of the process of growing up and while the designers do pay attention to fashion in teenage shoes they are not prepared to go so far as to produce shoes which are bad for the feet. The extremes of fashion are left to less scrupulous manufacturers.

But in the adult market *Clarks* has been as quick as any other manufacturer to leap into the new fashion for casual footwear, producing some excellent sellers which, because of their *bizarre design, can be patented* and protected against the ever-increasing competition from cheap imports, which now account for about 40 per cent of the total UK footwear market.

Clarks is unhappy at the rising tide of cheap imports and the apparent lack of Government concern; there are predictions that imported shoes will comprise 60 per cent of the UK market by the mid-1980s. But it is aiming to maintain its strength by widening its base within the shoe business, notably by moving more into shoe retailing. It has acquired one retail chain a year over the past four years and is presently putting a lot of effort into r dating the style and design of the traditional retail shoe outlet.

Clark's most spectacular acquisiton was made just over a year ago: the £15m purchase of the Hanover Shoe Company, a U.S. manufacturer and retailer with 248 stores in 40 states. It has added a new dimension to Clarks' business.

Robin Reeves

THE PROPERTY MARKET

BY MICHAEL CASSELL

EPC battle enters new round

THE ENTRY of Olympia and York into the list of suitors for English Property Corporation is unlikely to represent the final round in the long-running tournament for control of the country's second largest property group.

It remains to be seen if Dutch group Wereldhave, with its 46p a share bid still on the table, will decide to top Olympia's 50p offer, now being given "detailed consideration" by EPC, but it seems clear that the Reichman Brothers who own Canadian-based Olympia, will not be content with a casual tilt.

In the past fortnight, Olympia has bought more than 11m shares in the market, a stake of 11.6 per cent. which provides it with a substantial minority stake in the company, no matter what happens.

The purchases, clearly a strategic move to inhibit Wereldhave's freedom while the Canadian company considered the gamble of taking on EPC, could now prove a valuable asset in the fight for control, along with the 26 per cent equity stake held by Eagle Star.

EPC's largest shareholder has switched its support from the Dutch bid and says it will accept the 50p from Olympia in the absence of anything better.

The key to the deal remains EPC's holding in Trizec Corporation, a quoted Canadian company in which EPC has a complex holding amounting to the majority of shares but not voting control. That is vested with Carena Properties, in which EPC has just under 50 per cent. The major shareholder in Carena is Carena Bancorp, one of the arms of the Bronfman property family.

There is no love lost between the Bronfman brothers, Paul and Edward, and Albert and Paul Reichman. So if Olympia wins its battle for EPC the two sets of brothers will be uneasily yoked together in their holding of Trizec, while maintaining their competitive stances as Carena and Olympia in all other senses.

Carena has been perfectly happy with the arrangement with EPC—an absentee partner—prepared to let Carena handle the day to day management of Trizec and willing to accept that the Bronfmans have the crucial voting power.

Olympia's partnership would be a different matter. In the first place one of Olympia's directors, Mr. Bill Hay, once worked for Trizec and is said to have left when the Bronfmans gained control.

In the second place, the Bronfmans have been putting extra cash into Trizec from their own resources — up to $80m it is thought — without calling on EPC to match the sums involved. They openly admit that such liberality would probably not extend to a local Canadian competitor constantly looking over their shoulders.

All of which suggests that should Olympia win EPC—not a certainty so far — eventually there would need to be a shake-out in the major shareholding of Trizec.

As for Wereldhave, it had agreed with Carena Bancorp that if its own bid was successful it would merge EPC's present direct and indirect interests in Trizec with Carena's. In return for the move, apparently designed to win Canadian Government approval for the bid and one which was likely to keep the Bronfman family out of the bidding, a management sharing agreement would have been signed. Presumably this arrangement will stand if Wereldhave comes back again.

Meanwhile, EPC and Eagle Star await the next move. Mr. Stanley Honeyman, chief executive of EPC, has by repeatedly saying "No" seen the bid rise from 37p to 50p (although it still falls well short of the 71p figure he reckons is justified by net asset value).

Post Office fund invests £104m

THE Post Office Staff Superannuation Fund, this week's "mystery" purchaser of the Legal and General Assurance and Rothschild Investment Trust interests in 129, Kingsway, London, invested another £104m in property during 1978—a sum which included building finance for development schemes authorised before the year started.

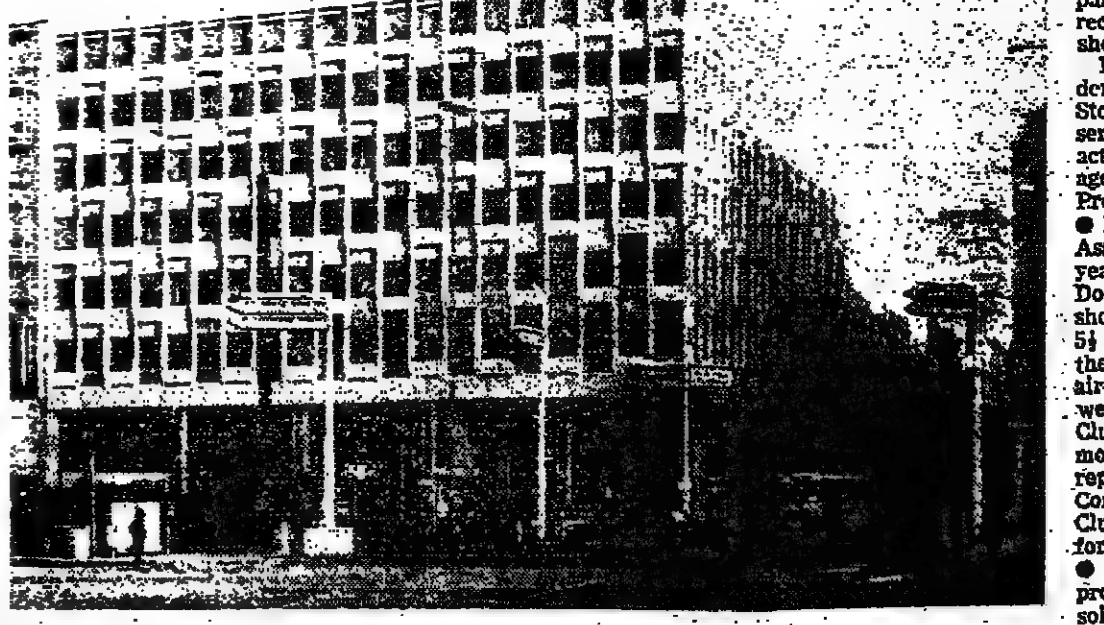
During the last 12 months, the fund recorded an investment income of £99.3m of which £13.2m came from its property interests. In the previous 12 months, property income totalled £8.3m.

In 1978, the fund found increasing difficulty in finding suitable property investments but still managed to boost its portfolio of provincial office blocks with acquisitions in Banbury, Gloucester, Maidstone and Southampton. It also made office purchases around London—in Brentford, Hounslow and Walton, as well as in the City.

In the U.S. office blocks were bought in Philadelphia and Chicago, although the fund reports that "political and business uncertainties" in Quebec province have affected the leasing of a major Montreal complex in which it has an interest.

Of the fund's total £104m investment in property during the year, £51m went into UK commercial developments and another £8m into the industrial sector. Another £22m went into North America, along with a further £22m in Europe.

It was said this week that the French Finance Ministry is to take a little more than half of the office accommodation in the new Louvre International Business Centre in Paris, owned by the fund. The rent achieved is believed to be about £11.50 a sq ft, one of the highest recorded in the French capital. Rentals vary between £10.50 and £16.50 a sq ft, depending on the size of the unit. Negotiations are already well advanced with a French bank for a further 60,000 sq ft. Letting agents: Jones, Lang Wootton.



COMMERCIAL UNION Properties has sold its Arts Lux office scheme in Brussels (above) to the Assurances Generales Group, Belgium's largest insurance institution, for about £16m, to show an initial yield of 7¼ per cent.

The centre, which was completed two years ago, provides around 200,000 sq. ft. of air-conditioned space and is more than 90 per cent let to tenants like the Japanese Embassy, Banque Bruxelles Lambert and Le Rocher Compagnie Assurance (Prudential).

It stands in the Quartier Leopold, the city's main business district.

Agents Jones, Lang, Wootton say that although there have been larger property sales to owner-occupiers in the city, notably the purchase of the Tour Astro less than 18 months ago for a reputed £21m, the latest transaction establishes a new record in Brussels for what is almost a fully-let office building.

There was apparently a great deal of competition among prospective purchasers, which bears out this week's message from the Brussels office of Richard Ellis, to the effect that there is a severe shortage of prime investment property in Belgium at the present time.

Ellis says that a substantial surplus of investors, combined with a lack of prime property, could have the effect of reducing yields in the short-term until further buildings become fully let.

Dunhill takes extra space

ALFRED DUNHILL has taken about 10,000 sq ft of office space at Empire House in Jermyn Street, London, at a rental in the region of £11 a sq ft.

Dunhill has occupied the adjoining property at 30 Duke Street for many years and its plans include linking the two buildings.

Richman Conway acted on behalf of Capital and Counties Property and Healey and Baker represented Dunhill.

Laskys sell

HI-FI retailer Laskys has disposed of the lease on its Brent Cross store for "a six-figure premium." The purchaser is British Home Stores.

The rent reserved is £75,000 a year on lease for a 25-year term from March 1976, with five-yearly reviews. It is the first time such a large shop in a prime position at Brent Cross has been sold and the price paid is comparable to the huge premiums recently reported for prime shops in Oxford Street.

Hillier Parker May and Rowden acted for British Home Stores and Laskys was represented by Davis and Co, who acted jointly with Donaldsons, agents for landlords Hammerson Property and Investment Trust.

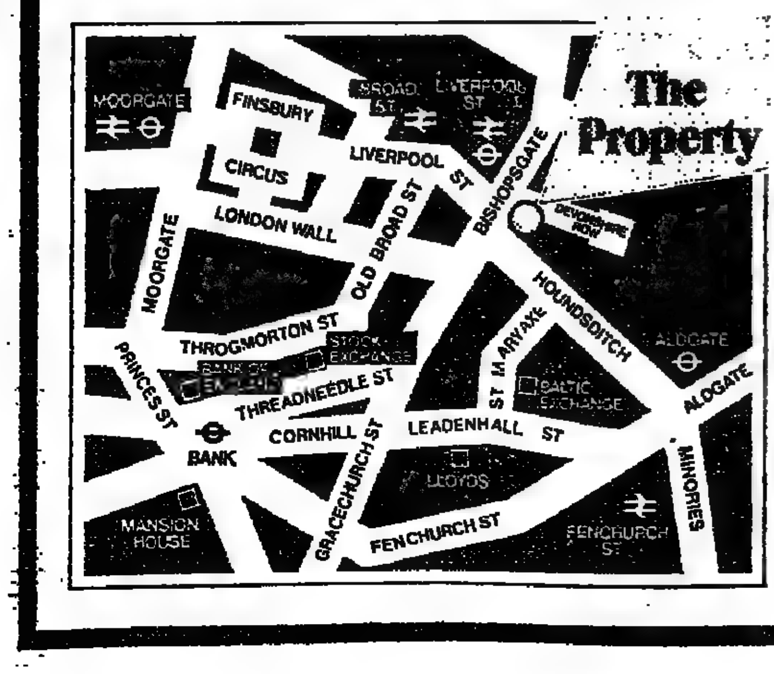
● National Employers Life Assurance has acquired a 200-year lease on Cornwall House, Dover St., London for £1.5m, showing an initial net yield of 5¾ per cent. Joint vendors of the property, which has been air-conditioned and refurbished, were French Kier and the Arts Club. French Kier, who modernised the building, were represented by Clive Lewis and Conway Relf acted for the Arts Club. Hampton and Sons acted for National Employers.

● M. P. Kent, the Bath-based property development group has sold Ballard House, Plymouth, to Post Office Telecommunications for £3.57m. Work on the freehold eight-storey block, which provides 89,000 sq ft of floorspace, is not due to finish until October this year.

● Hoechst UK has taken a lease on the former Royal National Lifeboat Institution on the A1 by-pass at Borehamwood, Hertfordshire. The rental is believed to be about £125,000 a year. The property was sold by the institution in 1974 to Precious Metal Coin and has since been extensively reconstructed. Letting agents: King and Company.

● Taylor Woodrow Industrial Estates has pre-let the entire 90,000 sq. ft. advance factory complex on the Nursling estate near Southampton, representing the first phase of a 150-acre development. Largest letting was to BATs, which is taking 50,000 sq. ft. for a bonded warehouse. Two other lettings are involved and rents are all in excess of £1.40 a sq. ft.

INDUSTRIAL AND BUSINESS PROPERTY



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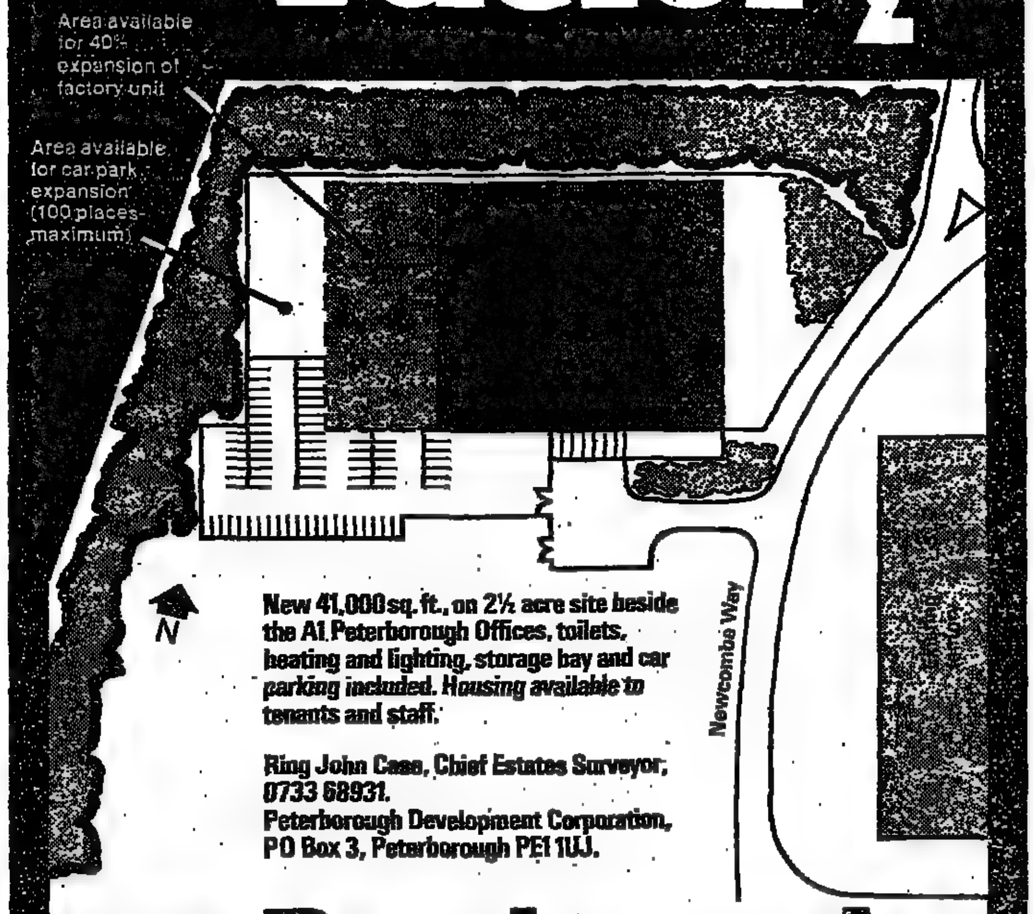

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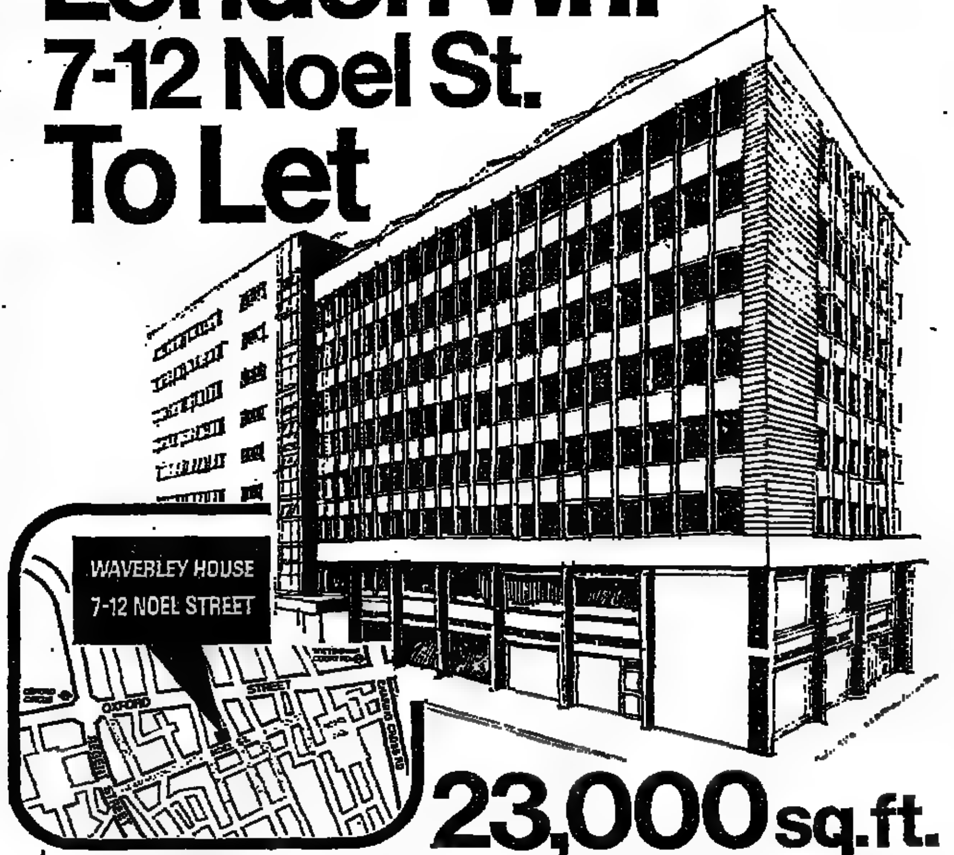

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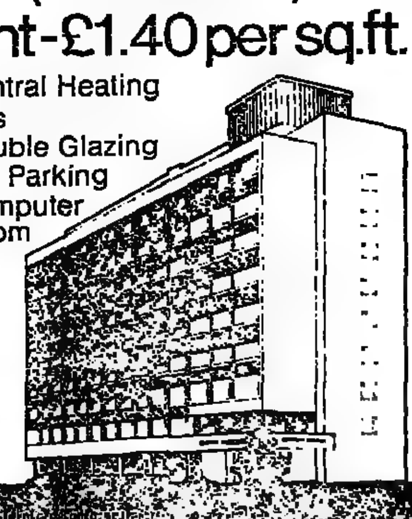

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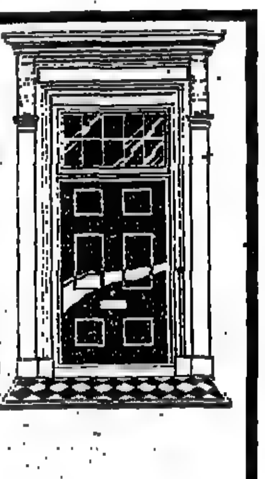

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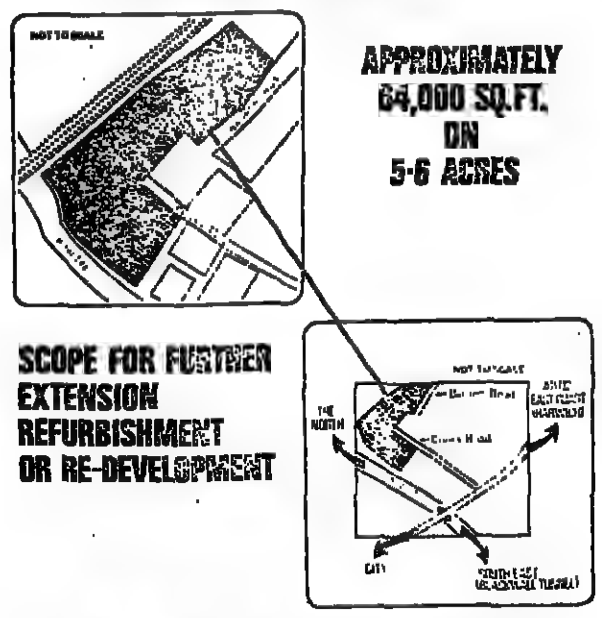

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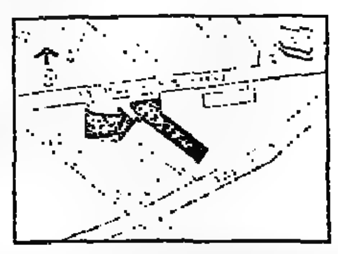

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FINANCIAL TIMES REPORT
Friday February 23 1979

Clydebank

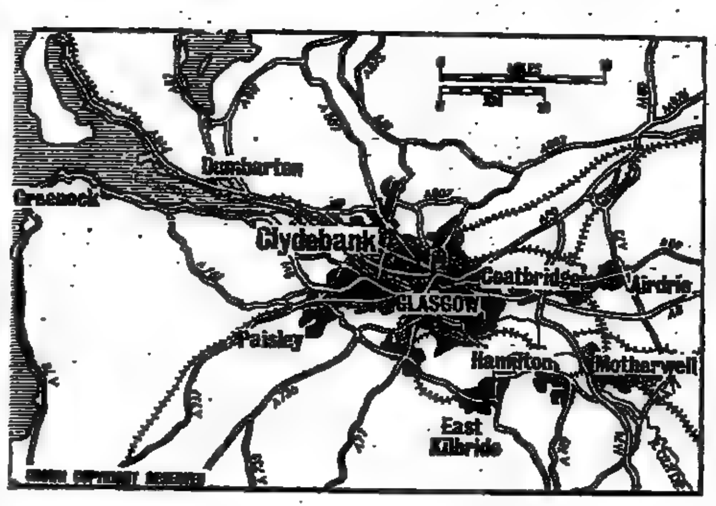
A series of catastrophes including the collapse of shipbuilding has failed to destroy Clydebank's determination to survive as an industrial centre. In particular it has high hopes of becoming a major force in the development of the electronics industry.

Council injects a fresh spark

IT IS ENTIRELY in keeping with the character of the community that Clydebank should be bidding, not merely for new jobs in general—something that many local authorities are doing at this time of recession—but for one particular company, Inmos, the microprocessor enterprise being established by the National Enterprise Board and the most sought-after development ever.

Inmos and its thousands of jobs have attracted intense interest. Some 400 local councils have offered to provide a site for the company in the hope that it will provide secure employment in an expanding industry. Clydebank is confident that its bid will win.

Clydebank District, extending west from the Glasgow city boundary along the north bank of the River Clyde to the Erskine Bridge, is an area with a proud industrial past, steeped in the best traditions of British workmanship and achievement. The confidence bred by this history still survives, despite a series of industrial catastrophes virtually unparalleled anywhere else in Britain. The bricks and mortar of the area are fast being destroyed and replaced, but the spirit lives on untouched. Micro-electronics may be completely unknown to the district, but that, according to Clydebank residents, is no reason at all why it should not start to take root now.



This Report was written by Ray Perman, Scottish Correspondent

The history of Clydebank is, in fact, almost entirely associated with engineering of one type or another. Mainly agricultural until the mid-nineteenth century, it began to flourish as an industrial centre with the relocation of shipbuilding in the district from the centre of overcrowded Glasgow. Railways accelerated the growth of the community and housing began to spring up around the Clydeside yards. A place in the forefront of the industrial revolution was assured with the location in Clydebank in 1882 of the Singer Sewing Machine Factory, one of the first U.S.-owned plants to be established in Britain.

Expertise

Singer provided an expertise in precision engineering to balance the heavy engineering skills being developed in shipbuilding and the associated marine industries. The balance has survived, albeit on a much reduced scale, but it was primarily in shipbuilding that Clydebank made its name. A succession of famous ships were launched there: Hood (1918), Vanguard (1946) and the Cunard Queens, Queen Mary (1934), Elizabeth (1938) and the QE2 (1967).

That tradition is now broken. The collapse of Upper Clyde Shipbuilders — itself the successor to the John Brown shipyard—ended shipbuilding in Clydebank. Marine engine building has also disappeared, but links with the past remain. Part of John Brown's shipyard is now occupied by Marathon Shipbuilders, builders of self-propelled jack-up oil drilling rigs, and its next-door-neighbour, JBE Gas Turbines, one of the most successful exporters in Scotland, is the inheritor of the old engine-manufacturing expertise.

It is in an extension of this adaption to the modern innovative industries that the district council believes Clydebank's future lies.

"What people forget," says Provost William Johnston, leader of the district council, "is that the microprocessor industry will combine high volume production with quality and we have great experience in that at Singer. Singers are still the Rolls Royce of sewing machines—can you imagine the precision which it needs to make a die to punch the hole in a needle—yet they are produced in great quantity. There is a skilled labour force in this area which is used to combining quality with quantity."

Provost Johnston believes Clydebank to be one of the most naturally favoured areas for electronics development in Britain. "We have excellent communications, being nearer Glasgow Airport than Glasgow itself and only 30 minutes from Prestwick. In the production of integrated circuits there is a necessity for pure water, and we have it in abundance. We also have some of the cleanest air in Europe.

"We are close to the universities of Strathclyde and Glasgow, both of which are involved in electronic research, so we have plenty of professionally trained people in this area and there are a number of local companies who could virtually go over to integrated circuit production right away."

The council has identified three possible sites for Inmos and will be explaining their attractions and the other advantages the council believes Clydebank can offer at an exhibition it is mounting in London next week (February 26-28 at the offices of the Scottish Council, Development and Industry, 5 Pall Mall).

The "central" site was partly a former railway and timber yard owned by Singer and partly a filled-in reservoir owned by the district council. It is close to the Glasgow suburban electric railway system, and, the council comments: "If this site is selected by Inmos the local authority will reactivate immediately a proposal to form a direct road link between the site and Dumbarton Road, across the Forth and Clyde Canal and the southern branch of the electric railway."

Advantage

The "southern" site is on the bank of the River Clyde, adjacent to the railway line and bounded on one side by a shipbreaker's yard and on the other by a small industrial estate. The site is privately owned.

The third possible location, the "Old Kilpatrick site," is on the west side of the district close to the Erskine Bridge. It is again privately owned, but the district valuer has placed a value of £8,700 per hectare on the ground, making it the cheapest of the three areas available for acquisition. This advantage might, however, be offset by the extra cost of providing services.

The council has costed the once-off development costs, excluding grants or the cost of plant. For each of the three sites, the cost falls in the range of £1.2m-£2.1m for one factory module, and approximately double this figure for two. However, since Clydebank falls within a special development area, grants of 22 per cent towards the cost of buildings and plant are automatically available to any incoming industry and a wide range of other incentives are also available.

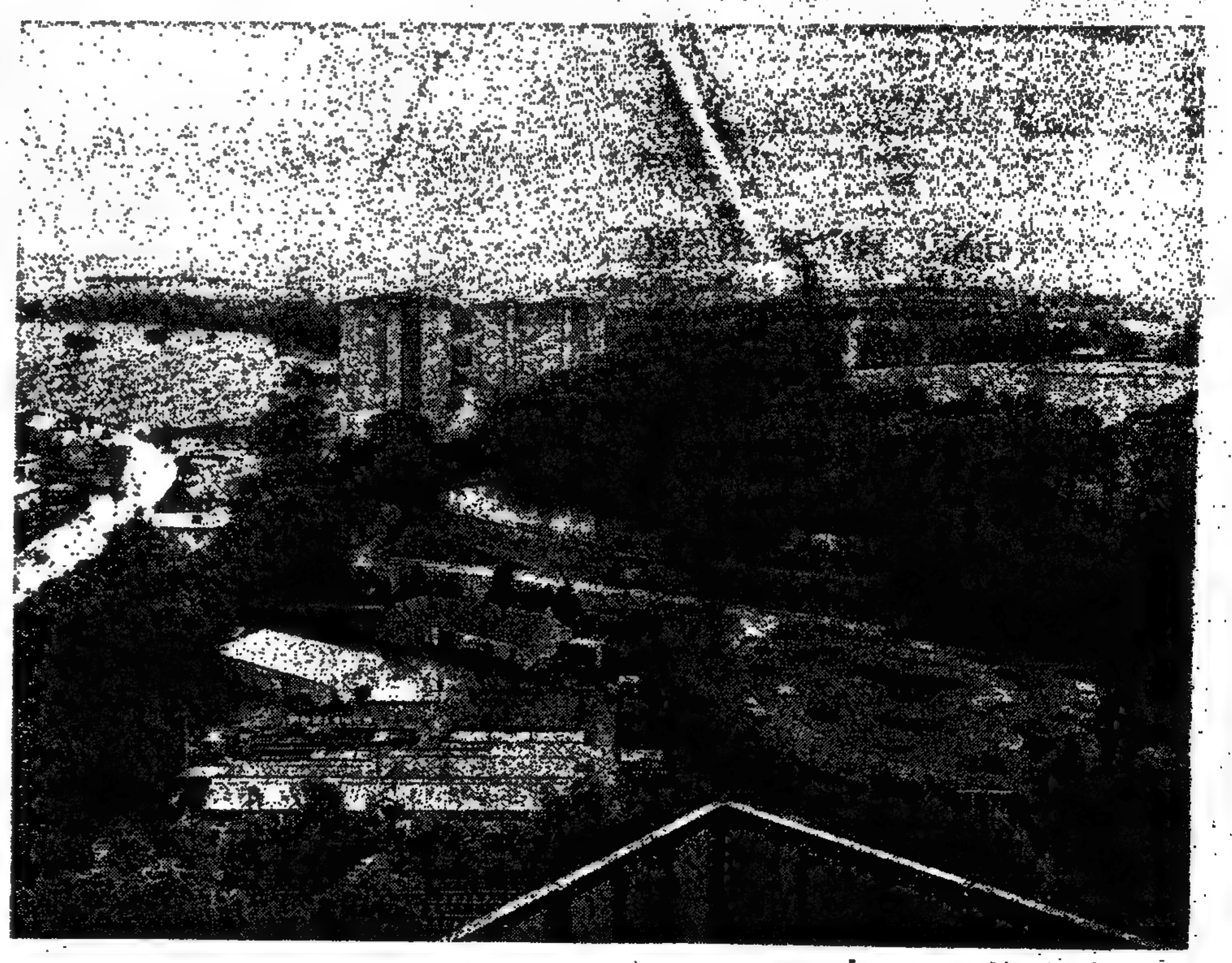
The council is realistic enough to understand that competition to attract Inmos is going to be fierce. It has set its sights high. "There has been fantastic job loss in Clydebank since the war," says Provost Johnston, "and that has left us with a lot of problems. We aim to solve those problems by finding other jobs to take up the slack."

With a number of North American electronics firms showing an interest in Scotland as a possible site for a European manufacturing base, the council believes that, should it fail to win Inmos, it has a good opportunity to offer the district as an ideal location to other firms. The Scottish Development Agency is soon to receive the final draft of a specialist report on the investment intentions of major U.S. companies in the field and will be mounting a promotional tour in the U.S. in April.

Jobs

"We have had tremendous co-operation from other industry in the district. They are as keen as we are to see new jobs come into Clydebank and have been falling over themselves to offer us assistance," Provost Johnston adds.

"We will give the same consideration to a firm which wants to come in with 50 jobs as we would to Inmos with its 5,000. We are not so overawed by the size of the microprocessor industry that we will exclude the small company."


Part of modern Clydebank including a park

CLYDEBANK II

The militant myth

IT IS UNFORTUNATE that structural industrial decline seems to carry with it an impression that somehow the area affected shares in the blame, that it must have done something to deserve misfortune. Often the unspoken assumption is that bad industrial relations lie at the back of industrial decline.

The experience of Clydebank shows that assumption to be untrue. It is one of the myths of Clydeside—and there are many—that it is one of the most militant areas of Great Britain, indeed of the world. In fact, if you consider the unrest the area has seen against the dramatic decline of once great industries like shipbuilding and engineering, you see a different picture. The Upper Clyde Shipbuilders' work-in notwithstanding, the Clyde workforce has accepted redundancy and closure surprisingly calmly. If "Red Clydeside" really had existed, the revolution would have happened many years ago.

Since the war many of the major employers of Clydebank have either disappeared or contracted their operations considerably. Yet the industrial relations record remains good.

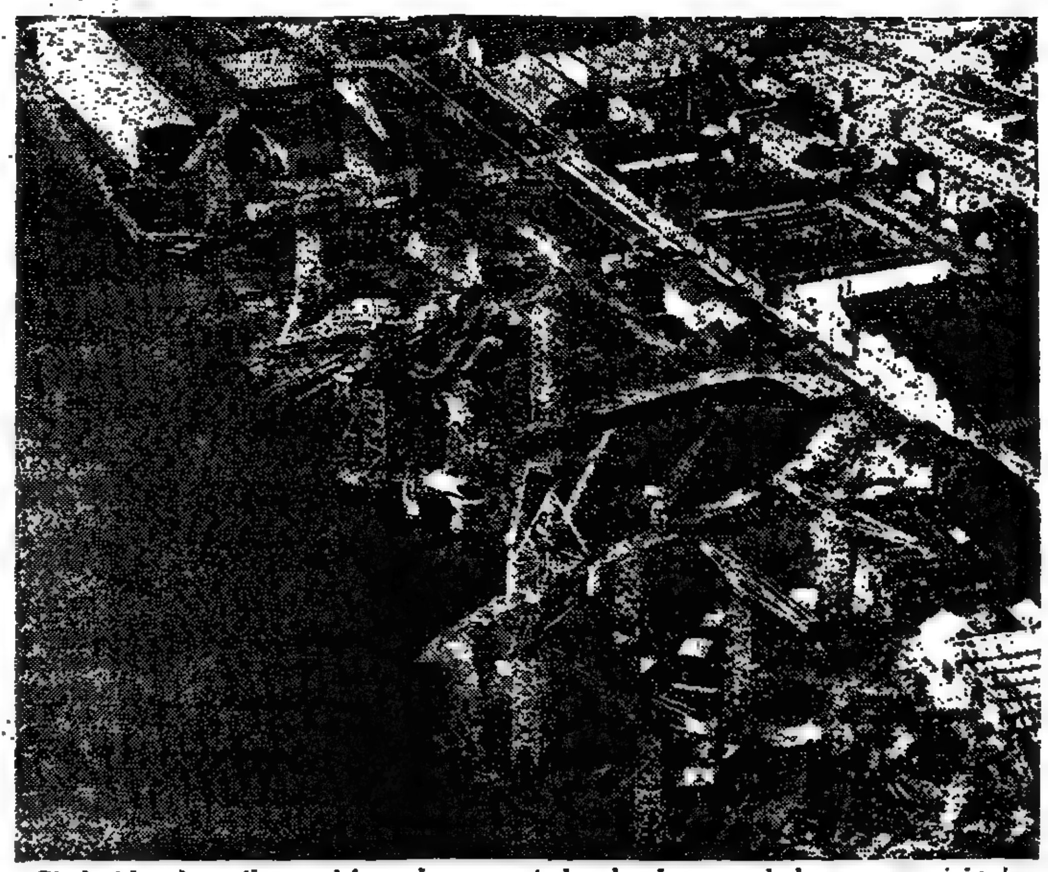
Singer Sewing Machines, for example, has reduced its labour force from around 23,000 in the immediate post-war years to a little over 4,000 now and proposes to lose another 1,500 jobs in the next three years. The workforce has not lightly accepted this cutback, which is having a drastic effect on the town, but the complex and difficult negotiations conducted by their trade unions to persuade the management to lessen the blow have been carried through for the most part without loss of working time.

Even at one stage when a meeting of employees threw out a plan agreed by shop stewards and provoked the management into threatening to withdraw its investment plans, there was no strike or walk out. The plant laboured under a black cloud for some weeks until the workers were persuaded to change their minds, but the manufacture of sewing machines and needles went on.

The future of Singer now looks reasonably sure, if not secure. Under the guidance of their union leaders, workers have agreed to accept a gradual rundown of some outdated areas of the plant with considerable loss of jobs, and some fairly big changes in working practices designed to cut waste and improve productivity.

This part of the bargain looked shaky when two weeks ago assembly line workers walked out in a dispute over a management proposal to cut overtime working. But the strikers were persuaded by their shop stewards to return to work and the matter is now being resolved by negotiation.

The company's quid-pro-quo for this co-operation is an undertaking to invest up to £10m in the plant to modernise it and make it competitive with overseas manufacturers, particularly in the Far East. The alternative is grim. If Singer does not re-establish its position in the market with new models and improved efficiency, it will go to the wall. Both company and unions know this.



Clydeside where the workforce has accepted redundancy and closure surprisingly calmly

Reputation

Another firm with problems, even less of its own making, is Marathon Shipbuilders, which took over part of the former John Brown shipyard after the famous UCS work-in to manufacture offshore drilling rigs. In its first few years the company was extremely successful and established a reputation for quality and prompt delivery. By shipbuilding standards in general its labour relations were excellent.

But it is now suffering badly from the slump in the market for drilling rigs and the fact that attention in offshore exploration has switched to the Far East and away from Europe and the West African coast.

Marathon will shortly run out of work, as it completes the second of two rigs for Penrod Drilling. The Government, which has helped the yard before with a speculative order, offered to help again by forming a consortium with the nationalised gas and oil corporations to buy a drilling rig, but at the time of writing the deal has foundered over the price of the contract and the future of the yard could be in doubt.

No uncertainty, however, hangs over the head of Marathon's neighbour, JBE Gas Turbines. This company also shares part of the former John Brown yard and is the successor to the old marine engine division of the company. It now manufactures gas turbine engines for power generation and other uses such as gas compression, and is one of the acknowledged leaders in the field.

The industrial relations record of JBE illustrates the fallacy in the "militant Clydeside" myth. Since 1971 the company has lost only 0.3 per cent of available working time through industrial disputes and in most recent years the figure has been much lower. A tiny 0.04 per cent of time was lost in 1977 and 1978 was dispute free.

JBE sells mainly in export markets and has already announced large contracts this year. A £10m investment programme is well advanced to re-equip some areas of the plant and prepare for the introduction of new models in 1980 and 1981.

Employment

Employment is also increasing steadily. JBE now employs 3,100 workers, 25 per cent more than in 1976 and has recently set up a customer service department of 100 engineers to undertake installation and maintenance work on gas turbines anywhere in the world.

"Outsiders say that we must find it very difficult living in Clydebank, but it just is not the case," comments Mr. Graham Strachan, managing director. "We are recognised as a major company in our field and we find we can operate perfectly happily from here and take on competition from all over the world."

Clydebank's history has made engineering the dominant industry and it is still the one in which it excels. There are a number of smaller firms making profitable livings outside the glare of the headlines.

But Clydebank is also involved in other activities and it would hardly be Scottish if it did not have at least some connection with whisky distilling. In fact it has its own distillery, Auchentoshan, producing a highly palatable lowland malt.

Major redevelopment

THOSE HOUSES and shops in the centre of Clydebank which survived the blitz are now under threat from the district council. Many old buildings have already disappeared to make way for the first phase of the Clyde centre redevelopment, and the second phase will see the destruction of many more tenament blocks.

The old approach to Clydebank along the Dumbarton Road from Glasgow used to be an unbroken avenue of tenements and small shops, little changed since the nineteenth century. In a few years that will be radically altered. The road itself is being widened and made dual-carriageway, meaning that there will be a motorway-standard road practically from the centre of Glasgow to the district and the terraces alongside it are already being cleared to make way for new shops, offices and homes.

The £30m first phase of the new centre is already complete and was opened last autumn. It was built for the district council by Sir Robert McAlpine and Sons, which started its life in the construction industry in Clydebank with the building of the first factory for Singer Sewing Machines in 1881.

The centre, which took two years to build, was finished nine days ahead of schedule. It was developed jointly by the district council, Neale House Investments and the Co-operative Insurance Society. The first phase has 12 main stores, including a 45,000 sq ft Fine Fare Superstore, one of the largest the company has opened in Britain, and 53 smaller shops.

The success of the centre quickly became apparent. All space was taken up and shops and stores have reported high levels of business during the centre's first few months. Mr. George Templeman, managing director (Scotland) for Neale House, commented: "We always had faith in the centre and we were very pleased that the ratepayers supported us. There was never a shop advertised, yet they were snapped up.

"We are now hoping that the size of the second phase will be increased."

The second phase is now in the planning stage. So far it consists of a General Post Office, two stores and 25 shops. Work is due to begin in the spring, with a completion date in mid-1980.

Other new developments planned by the council include new municipal offices to bring all departments together under one roof, and a leisure centre. At the moment Clydebank lacks adequate sporting facilities. The new centre, to be built alongside the shopping precinct, would include games halls, a gym, swimming pool, sauna baths, an ice rink, cinema and cafeteria and bar.

Housing is being developed on a less expansive pattern. The blitz made an efficient job of clearing old sub-standard property in Clydebank, wiping out 4,000 houses and severely damaging another 7,000. The post-war years saw a large scale rebuilding programme, but in a period of post-war shortage many of the homes built then had themselves to be built to less than acceptable standards.

The result has been an almost constant modernisation programme that still goes on. A complete modernisation, interior and exterior, of 3,000 houses has been completed since 1970 and since the council was reorganised in its present form in 1975, it has rewired 2,580 homes, replumbed 370 and begun to insulate the loft spaces in old people's houses in order to reduce heating costs.

New building still continues, both by the council and the Government - backed Scottish Special Housing Association, with over 100 houses and sheltered homes for old people recently finished, and tenders now being let for 200 more.

The ravages of the war and the continual rebuilding necessary since then has left the council with a crippling £41m debt to the Public Works Loans Board. The interest payments on this huge sum consume a large proportion of the council's annual budget and are resented by many Clydebank residents, who refer to them with heavy irony as "reparations."

Priority

The cancellation of this debt is one of the special measures the council wants the Government to take to help Clydebank re-establish itself as a thriving industrial and residential community. It also wants far-ranging powers to promote the town and attract new industry. It sees the provision of jobs as its first priority.

The strategy emerged from a conference held in the town last February. As a result a Special Employment Committee was set up with councillors, industrialists, academics and representatives of the Scottish Development Agency as members. Detailed reports were commissioned from post-graduate students on the extent of the industrial decline suffered by the district and the possible ways of combating it. The costs of these studies was met jointly by the council and the three Scottish clearing banks.

The solutions suggested include establishing an industrial development-promotion unit by the council, but more controversially, calling on the Government to make Clydebank an "experimental rejuvenation area," with the powers and finance to accelerate rebuilding and improvement schemes and offer inducements to industry far beyond those presently available in Great Britain.

Recognising that it cannot hope to compete with the new towns unless it has something more to offer than they presently can, Clydebank wants to be able to give not only the usual sorts of inducement such as rent-free factory accommodation, but also tax exemptions, similar to those now available in Ireland.

The plan has so far not been enthusiastically received by the Government. It runs counter to the policy followed by both Labour and Conservative governments since the war of promoting new towns at the expense of older urban areas. But, says the council, drastic ills call for drastic remedies.

LOMBARD

Reacting to foreign take-overs

BY GEOFFREY OWEN

THE FRENCH Government, which is trying to persuade Ford to put up a car plant in the depressed steel - making region, must be feeling displeased with the American company over its performance in another branch of industry. Having acquired control of Richier, one of the largest French construction equipment manufacturers, in 1972, Ford has just announced that it plans to sell its holding: if a buyer is not found, there is a possibility that the business could be closed down.

Ford's failure with Richier provides ammunition for those who argue that whenever a giant American company takes over a European business, especially in an industry to which it is not fully committed (construction equipment represents a tiny part of Ford's worldwide turnover), the results are likely to be disappointing or disastrous. But would Richier have done any better under French control? If the French authorities had persuaded, say, Renault to take Ford's place in 1972 or had formed a consortium of French-owned companies to take over the business, there is no guarantee that Richier would have survived the subsequent recession in the industry.

Conglomerate

A French solution to Richier's problems in 1972 might have been politically satisfying, but the economic case for it would have been dubious. The British Government could be faced with a similar situation in the case of Aveling Barford, BL's construction equipment subsidiary which is now officially up for sale. How should the Government react if, say, Tenneco, the American conglomerate, put in an offer for Aveling Barford? Tenneco, through its J. I. Case subsidiary, has a much bigger involvement in construction equipment than Ford and it has several large investments in the UK, including David Brown Tractors and Albright and Wilson.

The argument against it, if there is one, it that it would tighten still further the grip which the so-called multinationals have on a not unimportant sector of the British engineering industry. But does it matter? It is hard to see any strategic or military considerations which demand that national ownership of the construction equipment industry should be preserved.

There remains the intangible feeling that it is unhealthy if too many of a country's major industries are wholly controlled from outside. Many people would be uneasy if, on top of Tenneco's ownership of Albright and Wilson, British Petroleum sold its chemical interests to Dow while ICI sold its petrochemical and plastics divisions to Union Carbide. There would be a similar reaction if the constituent parts of BL were parcelled out to overseas buyers, so that the whole of the British motor industry, as well as a good chunk of the components business, was foreign controlled. Just as the people of Sheffield would be understandably aggrieved if all the city's major companies were controlled from London, the transfer of control of a major industry from the UK to the U.S. or the Continent does make a difference, however difficult it is to quantify.

Balance

It is easy to say that one wants a balance between locally owned and foreign foreign owned companies, but how active should the Government be in trying to preserve the balance? Any attempt to intervene in a systematic way leads in the direction of a foreign investment review board, with bureaucratic controls over inward investment and judgements by civil servants as to whether a bid from company A is better for the country than one from company B. That sort of procedure would discourage potential investors and invite retaliation overseas: after all British companies want to be free to make acquisitions around the world, a point which Lucas has been struggling to make in France over the past few months.

Perhaps in exceptional cases the Government is justified in looking for alternatives to a foreign bidder, or at least in providing sufficient time in which alternative buyers can emerge. But this should certainly not become a habit, nor should it involve subsidising British companies to make higher offers than they think can be justified commercially. For the rest, the Government should concentrate on creating conditions in which British companies want to go on owning and running businesses in the UK.

AROUND BRITAIN

ISLE OF MAN

Rivalry on the seas

BY DAVID NORTH

THE LUCRATIVE cargo and passenger traffic serving the Isle of Man has long been the object of covetous glances from numerous shipping companies. The appearance on the scene last year of Manx Line, formed by ex-world motor-cycling champion Geoff Duke, whose home is on the island, raised the prospect of the breaking at last of the monopoly of passenger traffic held by the Isle of Man Steam Packet Company, which also accounts for the bulk of cargo trade. But it is only now that Manx Line is shaping up as a serious challenger to the Steam Packet Company, as the result of a string of misfortunes affecting Manx Line's operations, which has led to the taking of a 60 per cent stake by state-backed Sealink in Manx Line Holdings, the parent company.

But what happens when the established monopoly finally has to face up to a consistent service run by its state-supported opponent is probably going to have extensive repercussions of long-term benefit to the island.

Whether or not this expected competition will be economically beneficial to either or both sides remains the subject of much debate on the island. It is also of keen interest to all the manufacturers throughout the UK who supply the island with goods.

The possibility that they might join forces is not out of the question.

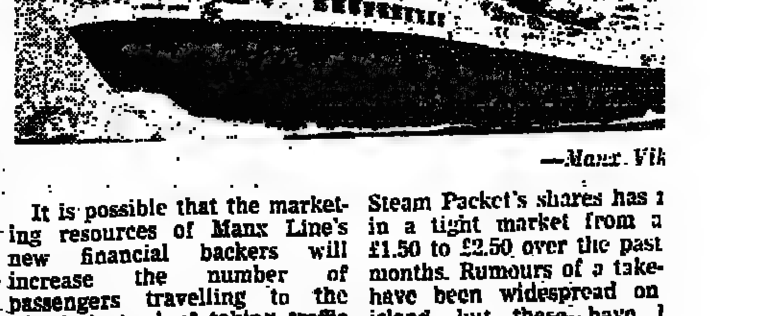
As a shipping concern, the Steam Packet Company is experienced and operates an efficient fleet. At the same time, it has long been criticised by islanders and visitors alike for conditions of travel which remain somewhat less than luxurious.

So the appearance of competition, in the form of Manx Line, was not unexpected. But the new line was hit by a series of disasters: its ship, the Manx Viking, purchased secondhand from Spain, was three months late coming out of Leith shipyard, where she had gone for a conversion and refit. Then one engine broke down and a new crankshaft had to be fitted. The second engine also broke down.

As cash became tight, Geoff Duke first signed a financial agreement with James Fisher, which manges ships for several companies including Sealink, and then, unexpectedly, Sealink became directly involved financially itself. James Fisher now owns the remaining 40 per cent of Manx Line Holdings.

But within days of Sealink's financial involvement, the MacGregor Link Span, the loading and unloading facility which had been custom-built for Manx Line, broke away from the Ro-Ro berth during a storm in Douglas Harbour and was extensively damaged.

The service is still out of action. However, when it was running, between disasters, the service was able to show that the formula is right.



—Manx Vik

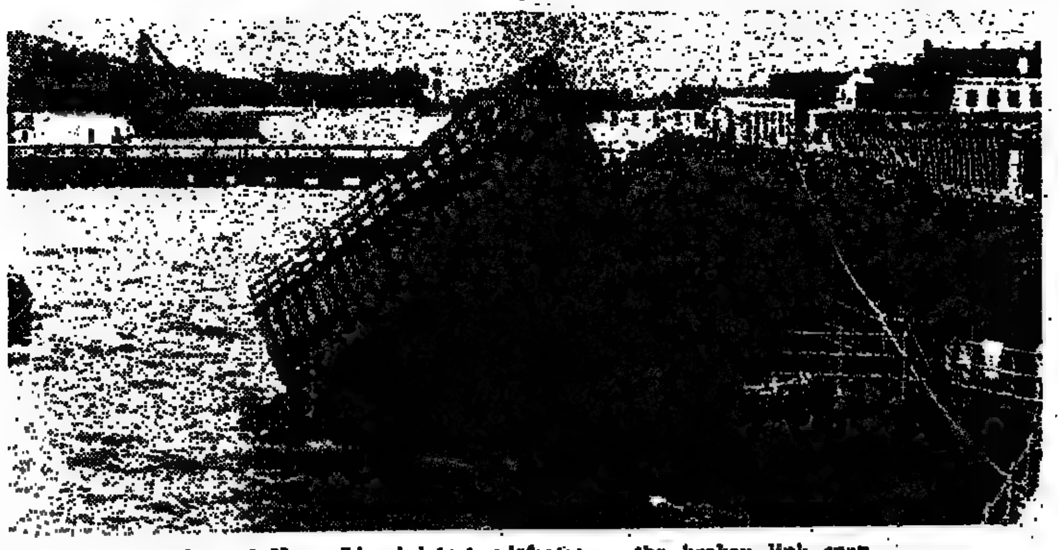
It is possible that the marketing resources of Manx Line's new financial backers will increase the number of passengers travelling to the island, instead of taking traffic from the Steam Packet. But conscious of the criticisms levelled against the Steam Packet Company's services in a situation where, until recently the standard was set by itself as a monopoly, the company has employed technical and PR consultants in an effort to prepare for the impending battle. It has even commissioned a songwriter who has produced a piece called "Steam Packet Jack."

Meanwhile, as has been expected for several months, the Steam Packet Company have just announced profits of £1.1m for the past year, compared with £430,000 the previous year. The profit announcement included details of a capitalisation issue which will increase the authorised capital from £1.5m to £3m, but not all is being issued.

To add to all the speculation and rumour which is surrounding the impending "sea battle" between Manx Line and the Steam Packet, the price of the Steam Packet's shares has r in a tight market from a £1.50 to £2.50 over the past months. Rumours of a take- have been widespread on island, but these have l officially denied by the St Packet.

One likely counter-move the Steam Packet is to e lish a cargo-only Ro-Ro sc near its existing cargo bert Douglas. It can only be a c service because the only p available to it for a Ro-Ro b is tidal. Manx Line has exclu use of the existing Ro-Ro b which is no doubt a sore p with the Steam Packet

Without the financial provided by the Manx Gov ment, Manx Line prob would never have been for The important factor now c be that the Manx Governme also the largest shareholde the Steam Packet, with 13½ cent. Rather than embark cut-throat competition, it c make economic sense for two companies to join forces so avoid what could be a p ful economic experience both. To date, however, companies have denied considering such a move.



One of Manx Lines' latest misfortunes—the broken link span

Tarbank can triumph at Kempton

RACING

BY DOMINIC WIGAN

FULKE WALWYN, who has talented hurdlers and chasers in his Saxon House string, may provide the best bet at Kempton this afternoon in the lightly raced Tarbank.

Tarbank, a tall bay gelding, showed himself to be one of the better five-year-old hurdlers last season at Sandown and Cheltenham. The four-length conqueror of Romany Furlong at Sandown in February, the Lambourn gelding went on to run a fine race at the Festival Meeting, although he tired two flights from home in the Sun Alliance Novices' Hurdle.

If his most recent run—second in the Ladbroke Betcha Hurdle behind Killwarren—is anything to go by there appears every reason to expect Tarbank to go on to better things.

Although this afternoon's race, the Manor Novices' Chase, is Tarbank's first test in public over fences he will lack nothing in schooling or fitness and I believe he can make a successful debut over the larger obstacles.

David Morley, whose Bury St. Edmunds stable made such a bright start to the campaign with successful raids on some of the smaller southern courses, has a useful young hurdler in Vaubezon and I am hopeful that this French-bred gelding will be able to regain winning form in the second division of the Ashford Novices' Hurdle.

Vaubezon, awarded a division of the Egham Novices' Hurdle at Kempton seven weeks ago on the disqualification of the ill-fated Togolais, who was killed this week after running into a bus, subsequently failed by 1½ lengths to give Parallelray weight in a division of Fontwell's Burpham Hurdle on January 22.

In the belief that the form of that race which saw Pagos Boy finishing 15 lengths back in third place was more than respectable I fully expect Vaubezon to be able to advantage of the stone he receives from Josh Gifford's Grand Trianon.

In the opening division of the Novices' Hurdle, Overwhelmed and Never Tamper could well have the finish to themselves. The former, a three-quarter's of a length runner-up to Pennine at Leicester last time out, will not find it easy to give 7 lb to Oaklawn's eight-length Fontwell conqueror, Never Tamper, but I believe that he may just be up to the task.

It usually pays to follow course winners at Kempton and for this reason I shall be pinning by hopes on Norfolk Dance in a tricky race for the Littleton Novices' Handicap Hurdle.

KEMPTON

1.30—Overwhelmed
2.00—Tarbank***
2.30—Norfolk Dance
3.00—Shannon Bridge
3.30—Ten Up
4.00—Vaubezon**
4.30—Flurry Knox*

ENTERTAINMENT GUIDE

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THEATRES

LYRIC THEATRE CC 01-437 3686 Evgs. 8.00. Thurs. 3.00. Sat. 5.00, 8.30 BARBARA JEFFORD FRANK FINLAY FILUMENA

THEATRES

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CINEMAS

... SOMEBODY KILLED HER HUSBAND Sep. progs. Wks., doors open 2.15 ... 8.00. Sun. doors open 3.00, 7.30. Night show Fri. and Sat., doors 11. pm.

PRINCE CHARLES. Leic. Sq. 01-437 ... IN PRAISE OF OLDER WOMEN Sep. perfs. dly. (inc. Sun.) 12.40, ... 5.55, 8.35. Late show Nightly ... Seats bkble. Lic'd Bar.

STUDIO 1, 2. Oxford Circus 437 3... 1. An all-star cast in Robert Altm... A WEDDING (AA). Prog. 2.20. ... 7.55 Late Show Sat. 10.45 pm. 2. Agatha Christie's DEATH ON NILE (A). Progs. 2.30, 5.25, 8.10. Show Sat. 10.40.

TV/Radio

✣ Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.30 For Schools, Colleges. 10.45 You And Me. 11.05 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Trumpton. 2.02 For Schools, Colleges. 3.25 Teliffant. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 am). 4.20 Hong Kong Phooey. 4.30 Jackanory. 4.45 Wildtrack. 5.10 Grange Hill. 5.35 Noah and Nelly.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide from Scotland and Wales.
7.10 Wonder Woman.
8.00 The Dawson Watch.
8.30 The Other One.
9.00 News.
9.25 Petrocelli.
10.45 Regional, National News.
10.50 Ballroom Champions.
11.30 Late Film: "The Party," starring Peter Sellers.

All Regions as BBC-1 except at the following times:—

Scotland—5.55-6.20 pm Reporting Scotland. 10.15 Spectrum: What Stage Are We At Now? 10.45 Regional and National News. 10.50-11.00 Referendum Report. 11.00 Join BBC-1 (Ballroom Champions).

Wales—1.45-2.00 pm Sioncyn Sponcyn. 5.55-6.20 Wales Today. 7.10 Heddiw. 7.30-8.00 Crufts—The World's Greatest Dog Show. 10.15 Kane On Friday. 11.05 News for Wales. 11.06 Hanner Munud. 11.35-1.15 am The Late Film: "The Party," starring Peter Sellers.

Northern Ireland—10.23-10.38 am For Schools (Ulster in Focus). 3.53-3.55 Northern Ireland News. 5.55-7.00 Scene Around Six. 10.15 Countrywide. 10.45-10.50 Regional, National News.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) Encounter; Midlands (Birmingham) Midlands Tonight; North (Leeds) Let The People Talk; North East (Newcastle) Talk To The Top; North West (Manchester) The Acting Game; South (Southampton) All Together Now; South West (Plymouth) Penninsula; West (Bristol) It's In The Blood.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
4.30 pm Open University.
6.30 Accident Investigation.
6.55 Tammy Wynette with guest George Hamilton IV.
7.20 Mid-Evening News.
7.30 Star Signs.
8.05 Design By Five.
8.30 Westminster.
9.00 Pot Black 79.
9.25 Pro-Celebrity Golf.
10.15 Where We Live Now.
11.15 Late News.
11.30 Rock Goes To College.
12.10 am Closedown (Reading).

LONDON

9.30 am Schools Programmes. 11.54 Beany and Cecil Cartoon. 12.00 The Learning Tree. 12.10 pm Rainbow. 12.30 The Cedar Tree. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Sounds Of Britain. 2.00 After Noon Plus. 3.20 You're Only Young Twice. 3.50 The Sullivans. 4.15 A Bunch Of Fives. 4.45 Magpie. 5.15 Thames Sport.

5.45 News.
6.00 Thames At 6.
6.30 Emmerdale Farm.
7.00 The Muppet Show.
7.30 Sale of the Century.
8.00 Flambards.
9.00 House of Caradus.
10.00 News.
10.30 Soap.
11.00 Police 5.
11.10 The London Programme: London's Church Schools.
12.10 am George Hamilton IV.
12.40 Close: Peter Henry-Jones reads from the writings of Mao Tse-Tung

All IBA Regions as London except at the following times:

ANGLIA

1.25 pm Anglia News. 2.25 Friday Matinee: "The Desperate Miles." 5.15 Bailey's Bird. 6.00 About Anglia. 10.30 Probe. 11.00 Friday Late Film: "Where Love Has Gone." 12.45 am Men Who Matter.

ATV

1.20 pm ATV Newsdesk. 3.20 Family. 5.15 Happy Days. 6.00 ATV Today. 10.30 Mary Hartman, Mary Hartman. 11.00 Christopher Lee—Prince of Menace: "Dracula AD 1972."

BORDER

1.20 pm Border News. 2.25 Matinee: "I Love You—Goodbye" 5.15 Garnock Way 6.00 Lookaround Friday. 6.30 Galloway Ceilidh. 10.30 Border Month. 11.00 Late Film: "Winter Kill." 12.45 am Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 2.25 Friday "Emily, Emily." 5.15 Emmerdale Farm. 6.00 Report at Six. 6.35 The Stationary Ark. 10.28 Channel Late News. 10.32 Action Adventure: "Blood Kin" 12.20 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. 5.15 Emmerdale Farm. 6.00 Grampian Today. 6.35 Sportscall. 7.30 Andy's Party. 10.30 Reflections. 10.35 Friday Film: "The Blood Beast Terror." 12.10 am Grampian Late Night Headlines, followed by Road and Ski Report.

GRANADA

1.20 pm This is Your Right. 2.25 Friday Matinee: "Made in Heaven," starring Petula Clark. 5.15 Mr. and Mrs. 6.00 Granada Reports. 6.30 Kick Off. 10.30 City at Risk. 11.15 The Friday Film: "The Quiller Memorandum," starring Alec Guinness.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.25 The Family. 5.15 Laverne and Shirley. 6.00 Report West. 6.15 Report Wales. 10.28 Report Extra. 11.05 The Late Film: "Strange Homecoming."

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.15-4.45 Plant Y Byd. 6.00-6.15 Y Dydd. 10.25 Snooker Special. 11.05-12.05 am The Welsh Assembly.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm News and Road and Weather. 5.15 Mr. and Mrs. 6.00 Scotland Today. 7.30 Devine Country. 10.30 Referendum '79. 11.15 Late Call. 11.20 Appointment with Fear—"Death Stalk."

SOUTHERN

1.20 pm Southern News. 2.25 Friday Matinee: "Rogues of Sherwood Forest." 5.15 Happy Days. 6.00 Day by Day. 6.00 Scene South East (South East Area Only) 6.30 Out of Town. 10.30 Weekend. 10.35 Southern Report. 11.05 Southern News Extra. 11.15 Soap. 11.45 The Late, Late Show: "The Vanishing Corporal."

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 2.25 Friday Film Matinee: "A Summer Without Boys." 5.15 Mr. and Mrs. 6.00 Northern Life. 6.25 Sportstime. 10.30 Come In If You Can Get In. 11.00 The Friday Night Film: "Blind Terror," starring Mia Farrow. 12.35 am Epilogue.

ULSTER

1.20 pm Lunchtime. 12.25 Friday Matinee: "Young Wives Tales." 4.13 Ulster News Headlines. 5.15 Mr. and Mrs. 6.00 Good Evening Ulster. 6.30 Sportscast. 10.30 Quincy. 11.25 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.25 The Friday Matinee: "Emily, Emily" (TV movie). 5.15 Emmerdale Farm. 6.00 Westward Diary. 6.35 Time Out. 10.28 Westward Late News. 10.30 Action Adventure: "Blood Kin." 12.20 am Faith for Life. 12.25 West Country Weather, Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 2.25 Friday Film Matinee: "Quincy." 5.15 Bailey's Bird. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Calendar Sport. 10.30 Appointment with Fear: "Crucible of Terror." 12.10 am Andy.

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 6.31 Roundtable. 8.00 Andy Peebles. 9.50 Newsbeat 10.00 The Friday Rock Show (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary 5.02 Steve Jones (S). 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.30 David Hamilton (S). 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S). 6.45 Sports Desk. 7.02 Victor Silvester at the Radio 2 Ballroom (S). 8.02 Neil Richardson conducts the BBC Radio Orchestra (S). 8.45 Friday Night is Music Night (S). 9.55 Sports Desk. 10.02 Treble Chance. 10.30 Fiesta de Dorita with John Scriven and his Innovation. 11.02 Brian Matthew introduces Round Midnight including 12.00 News. 2.02-5.00 am You and the Night and the Music with Tim Gudgin (S).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composers: Andrea and Giovanni Gabrieli (S). 9.45 BBC Northern Ireland Orchestra (S). 10.30 Young Artists Recital (S). 11.20 Solo Cello Recital (S). 12.10 pm BBC Northern Symphony Orchestra, part 1 (S). 1.00 News. 1.05 Playbill. (S). 1.20 BBC Northern SO, part 2 (S). 2.20 Three Anniversaries (S). 3.10 The Beecham Legacy. 4.25 The Young Idea (S). 5.25 Homeward Bound (S). ‡5.45 News. ‡5.50 Homeward Bound (continued). ‡6.15 At Home: From concerts at Carnegie Hall. 7.10 Lord Berners record (S). 7.30 Music from Pebble Mill, part 1 (S) 8.15 Silence by Ivor Cutler (S). 8.35 Music from Pebble Mill, part 2 (S) 9.20 To the Office and Back: Portrait of Wallace Stevens (S). 10.05 Netherlands Radio Orchestra (S). 10.45 Music Now: The Arts Council 11.30 Mozart Concert Arias (S). 11.55-12.00 News.

VHF Only—6.00-7.00 and 5.45-7.10 Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today—Magazine, including 6.45 Prayer for the Day, 7.00, 8.00 Today's News, 7.30, 8.30 News Headlines, 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Baker's Dozen. 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story 11.00 Down Your Way Under visits Wagga Wagga, New South Wales. 11.40 Announcements. 11.45 Listen with Mother. 12.00 News. 12.02 pm You and Yours. 12.27 My Music (S) 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour from Manchester. 3.00 News. 3.05 Afternoon Theatre. 4.00 News. 4.05 On the Grapevine. 4.35 Story Time. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter from America. 9.30 Today in Synod. 9.35 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Week Ending (S). 10.55 Fritz on Friday. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 Just Before Midnight. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 11.40 Lobby. 12.03 pm Call In 2.03 206 Showcase. 4.03 Home Run. 6.10 London Sports Desk. 6.35 Good Fishing. 7.00 Look, Stop, Listen 7.30 Black Londoners. 8.30 Track Record. 10.00 Late Night London. From 12.00 As Radio 2.

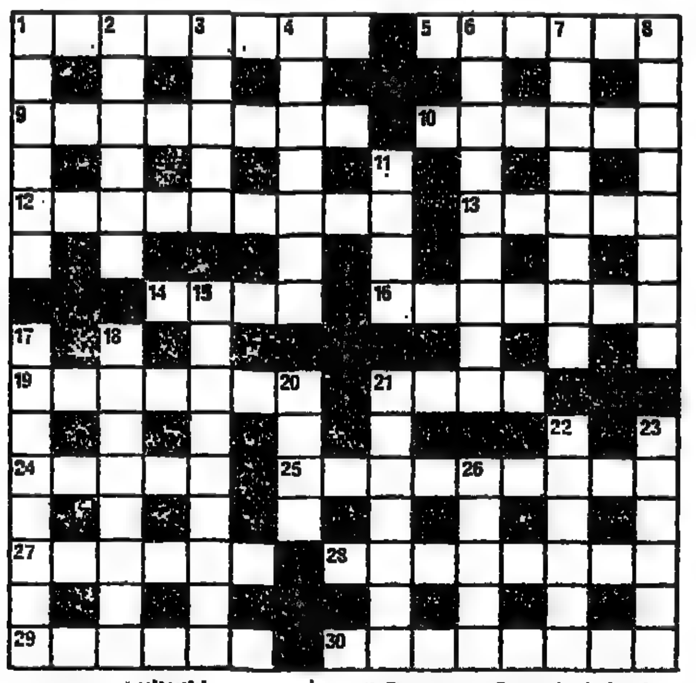
London Broadcasting

5.00 am Morning Music. 6.00 A.M.: news information, travel, sport. 10.00 Brian Hayes. 1.00 pm LBC Reports. 3.00 George Gale. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S) 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Mummy's Weekly (S). 11.00 Mike Allen's Late Show (S). 2.00 am Ian Davidson's London Link International (S).

F.T. CROSSWORD PUZZLE No. 3,905



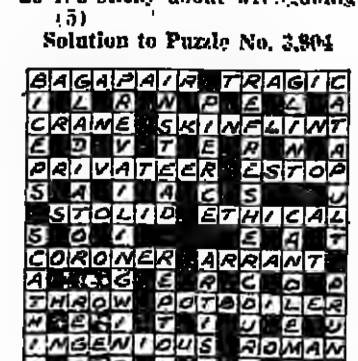
ACROSS

1 Sit ... no stamp required (4, 4)
5 Approach Bill going to church on board (6)
9 Halt dodge by company seeking state aid (5, 4)
10 Stra.. poll cover (6)
12 Leaves clamour to withdraw from Ulster (6, 3)
13 Meaning of perception (5)
14 Warning cry at the front of course (4)
16 Gravity with which Merlin confused mischevious agency (7)
19 Overcoats last longer (7)
21 Shy about old Bob becoming comfortable (4)
24 Preserve willing principle (5)
25 Small print says it's not a matter for the High Court (5, 4)
27 Daunted feeling from a month with Pluto (6)
28 Trap cast into having drink (3, 5)
29 Chap the French easily managed (6)
30 Hide boss from young gangster (8)

DOWN

1 Taste pop of recent date (6)
2 Amount of money Scotsman can call upon (6)
3 Ate in the air when tired (3, 2)
4 Cockney layer gets over private fence (7)
6 Row over Scots loch leads to bad temper (9)
7 Involve ten maybe with point of view (8)
8 Suitable material worker gives policeman (8)
11 Share speculator puts guns up for men only (4)
15 Everybody joins unit as well (3, 3, 3)
17 Dalmatian for trainer to follow (5, 3)
18 Put up with wrong substitutes (6, 2)
20 Draw the line at having to give orders (4)
21 Bit of hair animal has to defeat (7)
22 Gorge artist on grapes (6)
23 Prices for a start urged to become stabilised (6)
26 It's sticky about wrongdoing (5)

Solution to Puzzle No. 3,904



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هكذا من الأصل

THE ARTS

Cinema

The voyeur's eye by NIGEL ANDREWS

Behind Convent Walls (X) Eros, Piccadilly.
The Chant of Jimmie Blacksmith (X) Rialto.
The Hills Have Eyes (X) Classic, Victoria.
In Praise of Older Women (X) Prince Charles

Walerian Borowczyk, the Polish film-maker who made *Immoral Tales* and *The Beast* and who has elevated soft-core eroticism to an art form, has now turned his attention to nunneries. For those who stubbornly decline to see any distinction between Borowczyk's work and the lumpen celluloid frolics that pass for sex movies in club cinemas up and down the country, or public cinemas up and down Charing Cross Road, this film is the latest and surely most unarguable piece of evidence.

Borowczyk has taken over one of the oldest bastions of heterosexual fantasy—the convent—and spring-cleaned it of all cliches and tawdriness. *Behind Convent Walls* is based on a story by Stendhal, but all thoughts of literary respectability may be expunged from your mind. The film is a mad dance of desire, folly and revenge, set in an Italian nunnery in the 19th century, and if you were to claim that the plot is no more than a peg on which to hang a series of outre sexual adventures, you would be quite right. The film, like the convent's inhabitants, is unrepentantly, deliriously single-minded. There is Sister Clara, who hotfoots it into the convent garden to meet her wall-hopping male lover. There is Sister Martina, who enjoys the services of the convent butcher. There is Abbess Flavia, who alternates auto-erotic reveries in her cell with inspections of the nuns' rooms, poking the sheets with a swordstick. There is the sister who is carving a wooden phallus, the sister who sells pornographic pictures, and so on. . . .

"He is only an eye," said Paul Cezanne of Claude Monet, "But My God what an eye!" of Borowczyk one can say, 'He is only a voyeur, but My God what a voyeur!" Borowczyk's camera roams delightedly, like a Peeping Tom let loose in the Garden of Eden, over the apple-ripe expanses of flesh exposed beneath the layer-upon-layer of garments and undergarments that are society's elaborate adaptation of the fig leaf.

But the real eroticism lies not in bodily exposure nor—Heaven forfend!—in anything so graceless and giveaway as explicit sexual activity (there is little or none); rather it lies in the way Borowczyk suffuses a whole world—and its objects, its decor, its props—with the infinite, mysterious fever of sexuality. Virtually every visual detail in the film is a phallic or vaginal "symbol": from the beckoning orifices of the round convent windows to the long-necked fiddles the nuns play in a wild Bacchanalia in the chapel. What results—far from being monotonous—is a fascinatingly lithe and witty game of hide-and-seek played in an exotic maze of sexual emblems.

*

The Chant of Jimmie Blacksmith is a film much more "serious" in tone and topic, but *incomparably thinner and more* bloodless as a piece of movie-making. Australian director Fred Schepisi, whose first film, *The Devil's Playground*, was a dour but sympathetic account of sexual growing pains in a boys' religious school — an all-male, sobered-up version of *Behind Convent Walls*, has here espoused the *à la mode* theme of the aborigine.

Jimmie Blacksmith, played by Tommy Lewis and based on a true-life character, is an aborigine boy who grows up amid poverty and white persecution in turn-of-the-century Australia. After a succession of vain attempts to find a steady job and make a steady home, the rootless Jimmie takes his revenge on white society, one gruesome night, by murdering the family on whose estate he and his wife are then living. The massacre seems cruel and arbitrary—the victims had been kinder to Jimmie than many earlier landlords and employers—but the film gamely makes out the case for its hero; that he was too brutalised at this point in his battle-scarred life to distinguish between degrees of oppression and exploitation.

Tommy Lewis in 'The Chant of Jimmie Blacksmith'

Schepisi's film follows Jimmie's adventures before and after the murder; before in a series of ill-assorted jobs (fence-builder, police tracker, sheep-shearer), after in a prolonged flight from the law through the Australian bush. The film does almost everything possible with Jimmie's tale except to make it compelling. The story comes across as an odd, arbitrary episode of Australian history and the movie as an odd, arbitrary slice of Australian film-making. If there was ever an aim on Schepisi's part to make Jimmie an aboriginal Everyman—symbol-in-miniature of the racial persecution of his countrymen—it has fallen by the wayside in the trip from script to screen. The film has little resonance and little sense of direction. It does have visual beauty—Ian Baker's photography a majestic, shimmering spectrum of blues and greens and silver-greys—but despite moments of power, the film emerges ultimately as a story without a centre, a tragedy without heart.

*

When shown at the London Film Festival in November, Wes Craven's *The Hills Have Eyes* caused disgust and delight in roughly equal proportions. It is the tale of a holidaying American family who ill-fatedly take their car and caravan on a back road through the desert and, after breaking down with no house or garage in sight, suffer the unwelcome attentions of a family of cannibals living in the surrounding hills. First father is picked off, meeting a fate worse than, but not excluding, death; then other members of the family (and, in retaliation, one or two of the cannibals) get their come-uppance as the film builds towards a last-survivors show-down.

If you thought *The Texas Chainsaw Massacre* was nasty, this is nastier. Every murderous enormity is invoked, from burnings and crucifyings to the recherché science of applying rattlesnakes to victims' necks. The film's tone oscillates wildly between horror and farce, and scarcely have you gulped down a helping of the one than you are served up with a double portion of the other.

There is, however, an *undeniable vitality and* ingenuity to it all. As with *Behind Convent Walls*, it is worth waiving qualms about the "worthiness" of the subject, to enjoy the virtuosity of the treatment. Craven must have been brought up on comic-strips as a child, for his film leaps about in a series of instant, hyperbolic tableaux. The family are so baldly characterised that they could have been cut out from the pages of a comic: staunch ex-policeman Dad, genteelly timorous Mum, blond college-boy son, etc. But dynamism makes up for lack of depth, and there are a sufficient number of wittily back-handed tributes to homelier and more wholesome American movie traditions—not least a pair of Rin Tin Tin-style Alsatians—to persuade one that there is perhaps more to Craven than a mere talent for stomach-turning.

No talent whatever is manifested by *In Praise of Older Women*. Based on a novel by Stephen Vizinczey, it recounts the growth-to-sexual-maturity of a Hungarian boy in the 1950s. Sex being almost the only subject that could have lured Hollywood to Hungary, the token smattering of East European "atmosphere"—white lace, teapots, faded photographs—is strictly window-dressing for a succession of variably explicit sex scenes. Karen Black plays the hero's married first love. Susan Strasberg is his second love, a flighty revolutionary with *a penchant for multiple orgasm*. And then there is a coda in Canada, whither our hero emigrates in 1956, in which two more ladies (Alexandra Stewart and Helen Shaver) are required to jump into bed and flex their sexual specialities. Stay away—or go and see *Behind Convent Walls*.

Turner for Manchester

"Thomson's Aeolian Harp," generally considered to be one of Turner's masterpieces, goes on show at the Manchester City Art Gallery from today. It has been accepted by the Treasury from the Trustees of the Walter Morrison *Picture Settlement* in lieu of estate duty, and has been given to Manchester, which is weak in Turner oils.

The painting; also known as "A View of the Thames from Richmond Hill," is the most valuable picture ever acquired by the nation in lieu of death duties—it is conservatively valued at £500,000. Turner exhibited the work, which measures 10 ft by five, at the Royal Academy in 1809. It shows the Thames with an imaginary group of dancing nymphs in the foreground.

Collegiate

Attila by MAX LOPPERT

The 1979 University College Opera production is of Verdi's *Attila*. For students the choice was not unsound: brash, fast-moving, and bursting with hard-hitting if *often ill-directed* energy, it is a work that can be relied upon to "make an effect" even in performances of only moderate accomplishment. The level of accomplishment, at the first performance on Wednesday, was better than merely moderate. The production by Ian Judge is rudimentary—dramatic strokes, such as they are, arise from the play of an over-active lighting scheme upon Pamela Marre's ambitious scaffolded sets, and costumes that dress up the Huns as panto pirates in orange pyjamas. The musical side of the performance, on the other hand, is vigorous and spirited, shows thorough preparation, and roused enthusiasm. Yet it is not really a performance to persuade one that the rather dismissive tone adopted by the modern Verdi scholars in dealing with the opera has been entirely misguided.

Guy Woolfenden's conducting *of an above-average orchestra* shirks no demand for energy. Mr. Woolfenden needs, indeed, to discipline his obvious appetite for Verdi's chugging, bouncing, um-cha-um-cha allegros—almost all of the cabalettas and *strettas seem to whizz off in a* manner and at a pace that made the music almost jaunty, that raised a smile, and that tended *to underline the common place* invention at these points in the score. The most beautiful number belongs to the soprano, Odabella (*she whom Julian* Budden has called "the most unpleasant heroine in all Verdian opera"); of the cor *anglais, flute*, cello, and harp accompaniment to this Act 1 *romanza*, Mr. Woolfenden and his players made much. The chorus, singing in the Anglo-Italian that was a feature of the evening, was pleasingly sure.

Attila himself is the last one-dimensional role of the principal quartet, and so it is unfortunate that in this production he is undercast. (Roderick Earle, in his very brief appearance as Pope Leo, discolsed the sort of bass that is required for the title role.) Otherwise, the solo singing is strong. Patrick Wheatley gives an impression of assurance in the high-lying baritone writing for the Roman envoy, Ezio. Although Mr. Wheatley has not been encouraged to make very much of the line "Avrai tu l'universo, *resti l'Italia a me" that drove* Risorgimento audiences wild with enthusiasm, or in general to do more on stage than assume *statuesque poses, the full, firm* tone is a distinct asset.

A new soprano, Janice Cairns, who stands in urgent need of precise dramatic guidance, voices Odabella's music cleanly, truly, and often with an exciting directness. At first it seemed as if Peter Jeffes' cultivated Mozartian tenor would be swamped by the demands of early Verdi; but he too holds his own, and with an elegance of style missed elsewhere. Further performances tonight and tomorrow.

Comedy

Forty Love by MICHAEL COVENEY

Bernard Cribbins, the advertised star, has retired, wisely and through illness, from this doomed menopausal farce about a couple of American tourists rediscovering *Love in a Mayfair* hotel. His replacement is Leslie Randall, the author, who plays a temporarily repatriated East Ender *dressed like an ageing* favourite of the international golf circuit. Polo necks and checked trousers. Saved for the last scene is the information that he has made a fortune out of whoopee cushions. He should have sat on it.

Mr. Randall (Murray) is married to a coarse Jewess, Myra (Joyce Blair). They have shopped at Harrod's and have not much sex. Except every Friday, three of which lately they've missed. This fascinating middle-aged impasse is interrupted by the arrival of Murray's cousin (Norman Rossington), bearing free salmon from his delicatessen and a tale of imminent emigration to America sans wife, *etcetera*. Murray and Myra have tickets that evening to the National Theatre (*A Fair Quarrel* ?) and Arnold's suicide threat is suffocated by Murray bundling him off to the South Bank with Myra, how after all, could he put in an appearance looking like Sam Snead?

Enter Arnold's wife, Ruth, offering more than room service to Murray. Full of sorrow about Arnold's sexual incompetence, she thrusts at Murray a banquet as a change from her spouse's *prolonged absenteeism from the* table. On the bed, they are interrupted by a returning Myra and the idea of wife-swapping is *robustly floated. The pathetic* script, and Val May's piddling direction, is supplemented by a certain amount of professional playing as insults and acrimony fly about the stage, resulting predictably, in each partner returning to base and compromised married bliss.

With four characters, one set and Arts Council support at the Yvonne Arnaud Theatre, Guildford (where such rubbish is tried out in front of a captive audience), the management may feel they have nothing to lose. They are right. They have absolutely nothing to lose, and the sooner they lose it, the better. Miss Blair establishes herself beyond question as the *most charmless comedienne on* the West End stage and Stella Tanner the most resourceful. Mr. Randall at least plays his own *lines for what they are* worth, which is not much. I was fascinated by a notice in the theatre foyer: "Evening Staff Required: Apply Within." Is this a message directed at aspiring understudies, cleaners, or talented playwrights?

Alec McCowen to help Riverside

Alec McCowen will return to Riverside Studios on March 11 to narrate *The Gospel According to St. Mark* (tickets £5) in aid of the Riverside Studios Appeal Fund.

Since his first performance of St. Mark's Gospel *over a year* ago at Riverside, Alec McCowen has given over 140 performances in venues that include The White House, Washington DC and Westminster Abbey.

BBC names new head of television plays department

Keith Williams has been appointed head of BBC television plays department and will take up his new post on April 12. He succeeds James Cellan Jones who, at his own *request, is returning to production* and direction. Keith Williams, 50, was born in Guernsey and at the end of the war began a career in the theatre as an actor and director.

Festival Hall

BBC Symphony by RONALD CRICHTON

Wednesday's concert by the BBC Symphony Orchestra under Kurt Sanderling was a model of what routine programmes should be. One classic from our own time — Stravinsky's Symphony in Three Movements. Two Schumanns, the Fourth Symphony which can presumably be described as well known, and the Introduction and Allegro Apassionato op. 92 which can't, also Mendelssohn's first Piano Concerto, coming in popularity and frequency of performance somewhere in between.

Victoria Postnikova, the pianist announced for the concerted works being indisposed, her place was taken by Hamish Milne, who learned the Mendelssohn, I gather, at very short notice. He changed the Schumann Introduction and Concert Allegro op. 134 (chosen by the original soloist) for the work mentioned above—hands up those who wouldn't confuse the two (I brought the right score by mistake). Mr. Milne's stylish, crystalline playing should encourage programme planners to risk more often a work delightful and poetic not only in content but also, in spite of Schumann's reputation, in scoring. The ease and security Mr. Milne had previously shown in the Mendelssohn Concerto were under the circumstances most creditable—when he does it again he will surely put a little *more* pepper into the finale.

Under Mr. Sanderling's vigorous, watchful direction the Schumann symphony went splendidly. With such *strong* rhythmic underpinning and firm singing tone from wind and strings Schumann's frequent use *of doubling almost becomes a* virtue. Even those sticky moments in the finale where the composer gets caught up in *one of his own obsessive tags* were safely ridden over.

Stravinsky's scoring is the dead opposite of Schumann's, *yet the solidity of the orchestra's* tone worked equally well here in a different way. There is a side of this music that Mr. Sanderling doesn't quite catch—the balletic playfulness of the middle movement was too solemnly treated. Did he, in all the years he spent in Leningrad, never go to the Kirov? But the outer movements had a rare certainty in those hair-trigger syncopations that in most readings betray two kinds of nervousness, only one of them coming from the composer.

Literature prize

Southern Arts has announced that the winner of the 1978 Southern Arts Literature Prize is Penelope Lively for her collection of short stories *Nothing Missing But The Samovar*, published by William Heinemann.

The prize, which is worth £250, is awarded annually for the best novel, literary biography, volume *of short stories or collection of* poems published by a writer living in the Southern Arts region.

Elizabeth Hall

Osborne's In Camera by DOMINIC GILL

The London Sinfonietta's concert on Wednesday presented the band's principal players in various combination of solo, duo, and octet, and the premiere also of a new work specially commissioned for the occasion, scored for the full ensemble and the evening's guest soloist, John Williams.

Nigel Osborne (b. 1948) calls his *In Camera* for 13 instruments "a set of three nocturnes": and indeed the instru*mental colour, and movement of* the music, is for the most part dark and wistful—a sketch of autumn and winter lights, interrupted by a sequence of exuberant tail-chasing in the central part. The first of the three Nocturnes, freely conceived and scored without bar-lines, is the most muted: tremulous half-light introduced *by solo clarinet*, clear and cool.

There are gentle interludes, too, in the more hectic second section, and at the end a slow fade *al niente*. In the finale the solo guitar comes to the fore for the first time to provide some of the work's prettiest combinations: underpinned by low clarinet, answered by a curl of strings (the same curl later *taken over by the wind*); a vivid exchange with pizzicato cello; a thoughtful arpeggio gesture, several times repeated, against *a quadruple-pianissimo murmur* of strings and wind. An attractive essay, whose trickier corners the ensemble negotiated with remarkable skill, without a conductor.

The rest was a mixed bag: three guitar pieces of Baivios Mangiove from John Williams, a capable account of Berio's flute *sequenza* from Sebastian Bell; *Quasi una Sonata* for violin and piano by the Soviet composer Alfred Schnittke, all rhetorical note-spinning — loud contrasts, and modest substance; and a good performance of Stockhausen's *Tierkreis*, an *instrumental concert-version of* the music-box music from his *Musik im Bauch* of 1975, quietly insistent, quietly haunting.

NatWest backs Royal Exchange Theatre at the Round House

National Westminster Bank is *to sponsor the Royal Exchange* Theatre Company at the Round House by underwriting the cost of its present London season.

Mr. Robin Leigh-Pemberton, NatWest's Chairman, commented: "The Bank is making the *support* available to this highly regarded company within its social responsibility programme where, in respect of *the arts, it seeks to maintain* and expand the heritage on which the quality of life so much depends."

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Friday February 23 1979

The Grand Old Duke again

THE EVENTS in the gilts market in the past two weeks are only too like old times. A reluctant adjustment of official money rates is followed by a sharp fall in the market to a new trading level, immediately followed by a roaring boom in stock sales. The Grand Old Duke of York has performed another march and counter-march: public sector funding has again been achieved at excessive cost. Three billion pouns of stock has been sold at yields which are perhaps a full point higher than they need have been in a more smoothly functioning market, and taxpayers will have to find an extra £30m a year for years to come.

Since taxpayers not only foot the bill, but draw most of the benefit in the form of private sector pensions, the financial burden could be borne with some philosophy — though so far as foreign investors can draw large incomes and larger capital profits from our unstable gilts market, there is a real loss of national resources. The other consequences of an inherently unstable system are somewhat harder to shrug off.

Series of crises

Monetary control can apparently still only be achieved through a series of crises. For a period it seemed that the introduction of part-paid stocks had at least smoothed the funding process, but we have now learned better. If monetary policy is supposed to smooth the functioning of the economy through creating stable expectations, a system which leaves it constantly open to doubt whether the money supply is overshooting or undershooting destroys much of the purpose of the exercise. Meanwhile, high and unstable long-term interest rates have helped to inhibit industrial risk-taking.

Finally, the whole growth-inhibiting, nerve-wracking process may be self-perpetuating. It is customary to argue on Keynesian grounds that where private savings are large, and the private demand for investment funds is low, the public sector must run a large deficit to prevent a shortage of demand; but where the means of financing that deficit encourage saving and discourage investment, the size of the public sector deficit can be seen as a cause of the problem rather than a reaction to it.

Technical cures

The search for technical cures has followed two main routes. The more gradualist approach starts from the propositions that a market which will only buy enthusiastically when interest rates are falling is inherently unstable, and that a market in which nearly all the new securities on offer are of fixed interest type, investors may require a high interest rate to persuade them to absorb this monotonous diet. We have repeatedly suggested in recent years that a more varied approach could smooth funding and reduce costs.

A more radical approach, which has some strong support in the City, would attack the whole present basis of monetary control. It is argued that in no other country does monetary policy stand or fall by long-term funding of the Government's residual borrowing requirement. A system aimed more directly at the monetary base of the banking system would have its main impact on short-term rates, and should eleminate the need for direct controls on bank lending, by decree or through the corset regulations, which have been such a feature of British monetary history.

Radical change

Such proposals have generally been brushed aside in the past as academic notions which could play no role in meeting a pressing crisis; but the situation has now changed radically in one respect. The rationale for a siege mentality has always been the need to defend sterling; but the production of North Sea oil has not only reduced that pressure but could undermine monetary control. As long as sterling is perceived as relatively strong on this account, excessively high interest rates may simply encourage inflows from abroad. The authorities are in danger of a Singapore mentality, waiting to refight old battles in a situation which has changed radically. The debate on technical reform should now be open and urgent.

U.S. arms for Mr. Sadat

PRESIDENT SADAT has offered to play a major role in defending the interests of the West in exchange for the supply from the United States of large quantities of sophisticated weapons. It is an offer which poses many problems. But it also reflects the fears of local parties to regional conflicts of becoming the victims of broader rivalries between the superpowers.

In terms of the long-standing conflict with Israel, Mr. Sadat's offer is interesting because it implies that eventually a peace treaty will emerge. On the political level, it challenges the U.S. to acknowledge that Egypt can take on the role Israel has assumed in the area for so long —that of being the stable bastion of the West's interests in the area. However, with the outcome of the second round of Camp David talks far from clear, it would not be unexpected if Israel objects to Egypt's ambitions.

Unimpressed

Israel would argue two main points. Firstly, the turmoil in Iran, rather than weakening Israel's position, has only strengthened the thesis that it is America's most dependable ally in the area. Secondly, and the U.S. is becoming increasingly unimpressed with this argument. Israel maintains that to arm Egypt (and Saudi Arabia) is a serious threat to its security, especially as it cannot be assured that Mr. Sadat's Government will always be in power.

Egypt's army has been undergoing gradual changes ever since the 1973 war, and the latest offer by President Sadat reflects the new role he is seeking for his forces. Since 1974 the Soviet Union cut off virtually all spare parts for the largely Soviet-dominated equipment and as a result Egypt has had to turn westwards for its arms. To some extent this quest has been successful. Some adaptation of Soviet equipment has been made, but the logical conclusion is to go wholesale for American weapons.

Embarrassment

In selling arms on such a scale to Egypt, the U.S. is faced with a financial dilemma which it never had with Iran. Egypt is almost completely dependent on Saudi Arabia and other Gulf states for the money with which to buy arms. Because of its negotiations with Israel, Egypt is, publicly at least, isolated in the Arab world, and a source of some embarrassment to Saudi Arabia. If it were to conclude what amounted to a bilateral treaty with Israel, it is possible that Saudi Arabia would refuse to pay—throwing the burden back onto the U.S.

There are four main reasons why Mr. Sadat is seeking new equipment. The first is that, until there is peace between Israel and all its Arab neighbours, Egypt must keep open the possibility—when it has stopped being a pariah in the Arab world—of helping other Arab states in the event of war with Israel. The second is that disunity within the Arab world could always lead to fighting: Egypt, which has the most powerful army there, would need to be able to afford assistance to its friends and to fight off the direct challenge of such neighbours as the Libyans, and the indirect implications of developments in Ethiopia and Chad.

In third place come domestic considerations. Since Nasser overthrew the monarchy in 1952, Egypt has enjoyed comparative political stability, with the armed forces only rarely appearing a threat. Nevertheless, in any analysis of the centres of power, they remain a key element. Simultaneous with the changeover from eastern to western equipment has been an attempt to make them a professional and increasingly less political force. But it has been a long process, during which, as Mr. Sadat himself has admitted, equipment had become outdated and short of spare parts.

Defensive

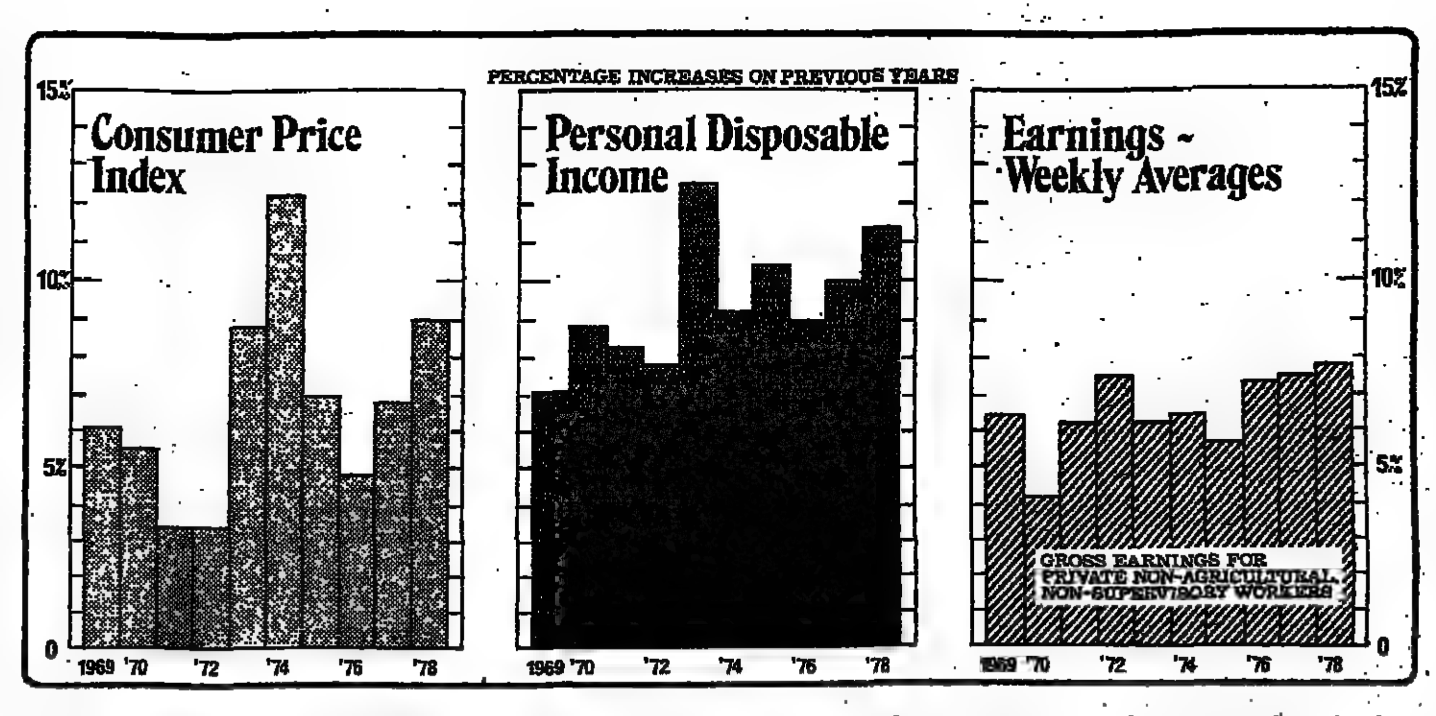
Finally, there is the role which Mr. Sadat has offered to play on behalf of the West. To a limited extent, Egypt has already done so in Zaire in 1977, and the following year in Somalia through the despatch of some soldiers and equipment. But, as Iran found, it is a tricky job to take on, and one which does not necessarily ensure the lasting support of those countries on whose behalf interventions are made. Indeed, with the Arab world, greater involvement in the conflicts in Africa could well only increase opposition to Egypt. It would seem logical that in assessing the further armament of Egypt, the U.S. should give the main priority to that country's defensive needs and not to building it up into a regional policeman.

How Americans are learning to live with inflation

BY STEWART FLEMING AND JOHN WYLES IN NEW YORK

FOUR months after the launch of his anti-inflation policy, President Jimmy Carter will today receive a sharp reminder of the ominous domestic shadow still looming over his Administration. The consumer price index for January is widely expected to show that inflation in the U.S. is accelerating again. After a 9 per cent increase in 1978, some economists are predicting that in the first half of this year prices will rise at an annual rate of 12 per cent for the first time since 1974.

Such figures swell the army of cynics who have never given the President's voluntary pay and prices policy much of a chance. Within the Administration, top officials are extremely worried that the absence of any early impact on the inflation rate is diminishing the policy's credibility and, therefore, its chances of keeping the lid on major pay settlements to be negotiated this year. "We are not thinking of relaxing the guidelines yet: which does not mean to say that we won't have to," said one senior official in the Department of Labour recently. Publicly, the Administration is still wedded to its forecast of a 7.4 per cent inflation rate this year. But as on so many other issues, President Carter's men speak with several voices. While Mr. Michael Blumenthal, the Treasury Secretary, is for the moment standing pat on 7.4 per cent, Mr. Alfred Kahn, the President's inflation adviser, suggests that this may be on the low side and Mr. Barry Bosworth, Mr. Kahn's deputy, has mentioned 8 per cent.



Banquo's ghost

Any number of factors could make even the higher forecast appear wildly optimistic. The Administration's expectations of a 5.9 per cent rate for 1978 were left in ruins by rises of 11.6 per cent in the price of food and beverages and 9.9 per cent in housing, by an 8.8 per cent increase in medical care charges, and by a precipitous fall in the dollar. These are all still hovering, like Banquo's ghost, ready to disrupt the 1979 forecast. And they have been joined by the prospect of higher-than-expected energy and commodity prices. Opinion polls are registering inflation as the prime domestic concern and Mr. Carter's performance in battling the dragon will be central to his prospects of carrying off the re-election prize next year.

After the 1974 level of 12 per cent, inflation eased its grip on the U.S. during 1975 and 1976 before tightening again to its current level. But the problem this time is radically different, in that sharply rising prices have not quickly crippled the economy. In many respects America has learned to live with inflation, if not to love it.

A degree of adaptation is probably socially and politically desirable, for inflation is not going to be wiped out swiftly, even if the most pessimistic projections for this year of 10 per cent plus are not realised. Mr. G. William Miller, chairman of the Federal Reserve Board, has recently warned that it may take five years to wring the problem out of the economy.

This is partly because the nature of inflation now is different from 1974, when a fourfold increase in the price of Arab oil coincided with an inflationary boom in the business sector, particularly property and commodity markets, accompanied by excessive stock building and a serious deterioration in corporate balance sheets.

But policymakers in Washington are currently unable to detect any of the excesses which characterised the economy on the eve of the 1974-75 recession.

In the present cycle, corporate America is not gambling on an eternal boom but is cautiously following the fast pace set by consumers which both worries and bemuses many economists. The average American is going to extraordinary lengths to maintain and increase his standard of living: by sending his wife out to work, by piling up debt and by paring his savings to the bone.

Litany of inflation

By thus changing their behaviour, Americans have been able to adjust to, and partially capitalise on, the following litany of inflation:

● Since the beginning of 1977, the price of the average U.S. house has gone up by 40 per cent. Rampant speculation in prime residential areas such as Orange County California, has almost doubled housing values in two years.

● Hamburger beef, which was selling at 85 cents a pound at the beginning of 1977, now costs over $2 per pound in New York supermarkets.

● The cost of medical care has been soaring. Since 1950 health expenses have doubled as a percentage of Gross National Product—from 4 per cent to 8 per cent. A semi-private room in a New York hospital can now cost $170 per day.

● The price of a gallon of petrol, 60 cents at the beginning of 1977, has risen to over 70 cents and there are some predictions that it could reach $1 per gallon in the next 12 months.

● New car prices have risen by 14 per cent since the end of 1976 and popular Japanese imports by more than 20 per cent in the last 12 months.

Some of these price rises may not appear startling by the standards of the UK or Italy. But they have great economic and cultural significance in an economy the average inflation rate of which was around 3 per cent between 1950 and 1973.

How has America learned to live with inflation? One major response has been to increase the number of wage earners in a household, and the women's movement may owe an unacknowledged debt to inflation. Over the last four years the number of working women has leaped by 18 per cent, more than twice the growth in male employment. The result is that 53 per cent of U.S. households had two wage earners in 1977 compared to an estimated 44 per cent in 1970. This has caused an anomaly between the trend in average weekly earnings in the private, non-agricultural sector, which has shown virtually no increase in real terms, and real after tax disposable income, which increased at an annual rate of over 4 per cent between 1976 and 1978.

But the average American has not only looked to his wife as a salvation from inflation but also to his credit card and his bank. Consumer debt has been running at record levels. Since the end of 1975 consumer instalment credit outstanding has climbed by almost 60 per cent to $270bn. At the same time, outstanding mortgage debt has surged by 44 per cent to $850bn. This means that household income is supporting a larger burden of debt than ever before — repayments now account for just over 23 per cent of disposable income.

It is now fairly obvious that this swelling of consumer debt was an important factor powering the new car market last year to its second best sales year in history.

Automotive sales

Many motor industry analysts spent a good part of the year warning of an imminent collapse in the market, whereas last year automotive sales in fact accounted for the highest ever proportion of U.S. retail sales: 12.4 per cent. Some of this demand undoubtedly reflected consumers buying in advance of anticipated price increases, a phenomenon apparent in other markets. High car sales were also made possible, in part, by the willingess of lenders to lengthen repayment terms from three to five years and the consumer's long-standing ability to offset interest charges against tax. This effectively reduced the cost of borrowing at a time when short-term interest rates in general have demanded only a modest premium, or none at all, on the inflation rate.

A further advantage of the interest charge tax allowance is that it has helped some tax payers put a brake on the tendency of inflation to push them into higher tax brackets. Meanwhile, Congress has also been sensitive to this problem and has adjusted tax brackets to reduce the inflationary tax bite.

Housing has also emerged as an important cushion against inflation. For many Americans, a house has represented not just the best investment protection against future inflation but also, increasingly, a source of new funds. According to Alan Greenspan, president of Townsend-Greenspan, realised capital gains on housing have recently been running at an annual rate of $60bn. But the house owner does not have to sell his house to obtain his income because over the past three years a growing number of banks and consumer finance houses have been advancing hundreds of millions of dollars in second mortgages secured by the inflationary gain in house prices.

But consumer debt and changes in the housing market are part of the superstructure of a financial system which has been through a period of rapid innovation in its response to inflationary problems. The most commonly cited example is the six-month saving certificate, devised as a means of ensuring that high interest rates did not choke off the supply of funds to the mortgage market. More than $70bn have been attracted by these certificates since last June. Banks, too, have proved resourceful in attracting funds by, for example, selling packages of mortgage debt, expanding securities transactions to attract fresh deposits and avoid regulations limiting interest rates and by making greater use of the money markets. Earlier this year, the Federal Home Loan Bank Board approved a trial programme giving savings banks access to the commercial paper market for the first time. The net effect of all these measures has been to weaken the impact of high interest rates on the availability of credit.

Right across the U.S. economy there are dozens of such examples of accommodations to inflation, not all of recent origin. The cost of living adjustment (COLA) clause first made an appearance in pay bargaining in 1948. But in the past 10 years this guarantee of pay rises triggered by increases in the consumer price index has become a major feature. More than 60 per cent of workers covered by major collective bargaining agreements now enjoy some COLA protection. But such are current inflationary pressures that some unions may look for additional protection this year by departing from the normal two to three-year agreements and seeking instead 12-month settlements.

The 5.8m workers sheltering under the umbrella of COLAs are more fortunate than millions of other Americans who, for reasons of unemployment or lack of opportunity, are more vulnerable to inflation. Economists have noted a marked incidence of switching to cheaper foods and the growth of the "twilight labour market" employing people on a cash, tax-free, basis. The attempt by Congress to protect the low-paid by raising the minimum wage, from $2.30 in 1977 to $2.90 on January 1 this year, has proved a double-edged weapon and has prompted some firms to cut back on the numbers they employ.

Inadequate share

But it cannot be said that there is evidence of sharply rising social tensions and conflicts among those who suffer most from inflation: the unemployed and those on fixed incomes. For the moment, economists prefer to focus their concern on the rise in the share of GNP taken by consumer spending. The corollary of this is a possibly inadequate share of GNP for fixed investment and research and development in an economy which, historically, has tended to invest less of its GNP than most of its major industrialised competitors.

The key economic puzzle is how much longer consumers can continue their free-spending ways. However, some surveys do point to steadily declining consumer confidence and indicate that retrenchment may be close at hand.

But the critical factor may well prove to be the consumer's reaction to the inevitable slowdown, or perhaps recession, in the U.S. economy this year which is bound to be accompanied by an increase in unemployment. A faltering economy and fewer jobs will close two of the current shelters from inflation, since the opportunities to increase household employment and/or debt will be substantially diminished.

Inflation could then start to hurt in a way that it has not done for more than four years.

MEN AND MATTERS

Going back to Iran—for business

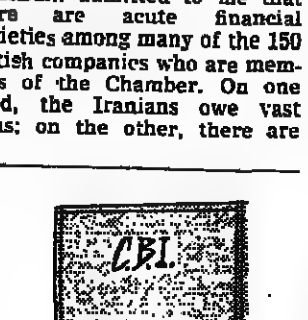
George McBain still has his Land Rover keys in his pocket and he hopes that when he returns to Tehran the vehicle will still be there, ready to go. What will certainly not be the same is his job: McBain, 53, is director of the Irano-British Chamber of Commerce. He is due to fly back to Tehran in six weeks' time, having—quite by chance—left for London on leave a few days before the Ayatollah took power.

"There should still be opportunities for business to some extent," he said bravely when I met him yesterday at the CBI offices in London. "If you can afford to stay in the game, it's too early to pull out."

McBain admitted to me that there are acute financial anxieties among many of the 150 British companies who are members of the Chamber. On one hand, the Iranians owe vast sums; on the other, there are the guarantee moneys with the banks which the new regime might call in for uncompleted contracts.

Massively-built and displaying a calm he will assuredly need, McBain has previously worked around the world as an ICI executive.

What is happening in his office out there? "I have not managed to make contact since the revolution with my deputy director. He is an Iranian."



"Hello, Buckingham Palace? ... We were just wondering if the Duke would like to say a few words on behalf of the managers?"

Full of beans

Tommy Parsons got his job with commodity brokers A. C. Israel Woodhouse, of Mincing Lane, London, by telling a lie—as he cheerfully admits. He said he was 68. Looking young and sprightly for such an age, he was taken on. In fact, he was 79.

That was three years ago. At 81, he is still keeping the records in the firm's coffee sampling room with aplomb. Yesterday, between roasting and grinding beans for a tasting by the traders, Parsons gave me a run-down on the arabica and robusta business.

"I've learnt it since I came here," he explained. Parsons cast his octogenarian eyes over bags of samples from a dozen countries, ranging from Costa Rica to Guatemala. "Never enjoyed myself so much in my life," he declared. A small, bustling man, he works five days a week, 9.0 to 2.30.

Israel Woodhouse was slightly nervous at the thought of publicity for Parsons, fearing a measure of badinage from other commodity brokers about the age of its staff. The firm says that by the time it had discovered he was knocking 11 years off his age his efficiency was so apparent that all was forgiven. "He is still completely on top of the job," says Mrs Linda Gratton, the staff manager.

Coffee is a new career for Parsons, in 1918, after four years of fighting in France, he became a London bus conductor and rose to be a senior inspector. Retired in 1962, he applied for a job with Fords in Dagenham—near where he lives—but was rejected as too old.

Parsons found his way to Mincing Lane through an agency called Success After Sixty, which is so thriving that it has just opened an office in Bond Street. Is he the agency's oldest success? "Oh no, we have found a lady of 83 in Croydon a job as a copy-typist."

Over the line

As a host nation to the EEC, Belgium has never received its proper share of gratitude, at least in the view of Belgians, who serve as the butt of any surplus sarcasm generated by the smart cosmopolitans earning their crust in the Berlaymont. In one respect at least, the blame heaped so indiscriminately on the locals has a basis in fact.

For years the Commission's telephone switchboard has been a standing joke to anyone trying to get through; with the EEC's gradual expansion the problem has reached proportions which are beyond humour. To the daily rage of international business and thousands of journalists, the three Commission lines are constantly engaged, half an hour being about par for the course for anyone determined to extract more than the pip-pip-pip tones.

In face of mounting resentment, which last week reached European Parliament level, the Belgian Post Office has promised to instal a new switchboard in the Commission—but, alas, not for three years.

Meanwhile, the only people who are happy are the estimated 2,000 or 3,000 senior officials who have been granted independent lines—their numbers are kept a closely guarded secret.

The companies hiring out automatic re-dialling mechanisms are having a field day.

Unexpired dreams

With the little-remarked death of Rene Louis Charles Naundorff 84-year-old descendant of one of France's most famous self-styled dauphins, the interest of those concerned with such things is now centred on surviving pretenders to the French throne. Even while he was still alive, Naundorff had no serious ambitions in this direction: he renounced all his claims in return for a voter's card carrying the name Bourbon.

The most vocal of the surviving royals, and the most serious claimant, is 70-year-old Count Henri de Paris, head of Louis XVI's House of Orleans. He sees himself in a Khomeini-like role—"One day the nation might once again need a saviour like De Gaulle. It's up to history to decide."

Faintly rediculous as such words might sound, Paris graffiti and the healthy circulation of royalist publications suggest he is not alone in this view. Especially keen to ensure that history takes notice of the count is the French New Action Party (FNA), a vocal monarchist movement, whose leader 35-year-old Bernard Renouvin is re-regarded as no fool even by his enemies.

However, the chances of Count Henri's 45-year-old son assuming the mantle are remote: he has raised eyebrows by separating from his wife.

Ringside view

Overheard in the Bank of England New Issues Department yesterday, above the unaccustomed noise of panic-buying of gilts:

Messenger: "There's a lot of money about. I thought the country was meant to be broke."

Second Messenger: "The country is, but the people ain't."

Observer

POLITICS TODAY

Conversion of Mr. Powell and Mr. Foot

'HE PRESENT Parliament may et turn out to be a reforming ne after all. It is not only :evolution and the creation of Scottish Assembly, about vhich we shall know more in week or two. There is now ust a chance that if the Government remains in office a ittle longer, Parliament will eform itself.

The breakthrough came on Tuesday evening and was covered in guile. Mr. Enoch Powell, the Ulster Unionist Member for Down South, left his contribution to the two-day debate on procedure late, and he kept his punch-line to the end. Of course, he said, proper consideration of the reform of procedure would take time. There would have to be the necessary standing orders. It could not be done in one fell swoop. But, he went on: "We shall bitterly regret it . . . if we simply leave this matter now after this general debate, and say that a different lot of people, who will come here within a year, may think about it. The House now has this matter in hand. It is seized of it."

It was enough for Mr. Michael Foot, the Leader of the House and so often a comrade-in-arms with Mr. Powell on constitutional questions. Mr. Foot, this time, had spent the debate not only resisting the calls for reform, but arguing that the whole issue should be reserved for the next Parliament. But now Mr. Powell had declared himself, it was another matter. Within two hours Mr. Foot had reversed his position, not on the *substance but on the tactics.* The Government, he said, was certainly ready to enter into discussions about making time available. "How," he implied, "could anyone ever have doubted it?"

There is, you will understand, nothing so vulgar as a formal Government-Unionist alliance. There is not even an informal understanding. Mr. Powell said nothing about promising Unionist support. He made no conditions whatever. Nor did Mr. Foot seek any in return when he made his concession. But there is a kind of understanding none the less. The *promise of a further debate on* procedural reform with the possibility of a vote or series of votes is one more reason for the Government staying in office. Mr. Powell has offered another life-line, and it has been gratefully accepted. The Unionists, or such of them as Mr. Powell controls, are unlikely to wish to bring down the Government with such important business still in hand.

Mr. Powell's role in the discussions on procedure has been crucial throughout. It was his membership of the Select Committee on the subject which made all the difference. It is a matter, fellow members used to say, of "converting Enoch." If we can do that, the argument went, we can win the day. Previously Mr. Powell had been associated with the purist *view* of the House of Commons—the one still held by Mr. Foot—which asserts the primacy of the Chamber and resists giving any more powers to the Committees upstairs. It also opposes specialisation and the introduction of more outside advisers. It denies that the present business of government has become so complex that the executive can rarely be effectively challenged any more by the legislature.

Mr. Powell's conversion is still not complete, but it is sufficient. It was striking that in his speech on Tuesday he cast doubt on the central tenet of the Select Committee's Report, namely that "the balance of advantage between Parliament and Government in the day to day working *of the Constitution is now* weighted in favour of the Government to a degree which arouses widespread anxiety and is inimical to the proper working of our parliamentary democracy." He also declined to make any great claims for the proposed new departmentally-related Select Committees which, if accepted, would shadow the work of practically every government ministry.

But, in a way, the thread of *the argument was beside the* point. What mattered was that Mr. Powell came down in favour of reform, even if he preferred to call it evolution, and reform in the life-time of this Parliament. If the Government survives its other problems, the question of how the House of Commons conducts its own *affairs should now be discussed* and voted upon before a general election. That could lead to what many Members hope—and some fear—would be the most important Parliamentary reform in a generation, and perhaps longer.

The best case for reform came not from Mr. Powell but from another maverick MP, the Labour left-winger, Mr. Ian Mikardo. Simply stated, it was that "knowledge is power." A Parliament *that lacked access to information* could not possibly ask the right questions. The difference between himself and Mr. Foot—and it was at Mr. Foot that with particular venom the speech was directed—was not that the latter was cleverer. It was that Mr. Foot knew so much more, and the reason he knew so much *more was that he had a host of* officials to tell him. That was the real gap between front and backbenchers and, he might have added, between the government of the day and the shadow cabinet. In other words, it was the case for more open government.

It is difficult to present Mr. Foot's counter-arguments with any degree of objectivity because, to this reporter at least, they seem so patently *absurd. Broadly speaking, how*ever, they go as follows. The Chamber of the House of Commons is paramount, not only in practice but also as a symbol. As he said on Tuesday: "access to the Chamber by an individual Member . . . . is the supreme attribute of the House of *Commons which distinguishes it* and makes it the place that it ought to be. I believe that if that attribute is broken, injured or impaired, great injury will be done to the House." Therefore anything that is done to distract attention away from the Chamber, even if only to another part of the House, is harmful.

Mr. Foot's argument goes on to suggest that the establishment of more Select Committees *would cause just such a distraction.* It would undermine the authority of the Chamber. It would probably lead to a smaller attendance. It would set up a special category of privileged MPs. The chairman of the Committees would be more powerful than individual members. Besides, the Committees would very quickly get into bed with the Departments they were supposed to shadow. They would become shields for the civil servants rather than parliamentary watchdogs. According to Mr. Foot, though the point is debatable, most of the top officials are actually in *favour of the proposed reforms* for precisely this reason. The true responsibility for keeping bureaucrats in check lies not with Select Committees or backbench MPs, but with Ministers. "The fact is," said Mr. Foot on Tuesday, "that any Ministry that is dominated by the Civil Service would deserve to be pitched out right away." (It is crucial to his thesis that we accept that this doctrine actually works.)

Most of these arguments were demolished in advance by Mr. Mikardo, and without undue intellectual effort the reader could do the same. To be consistent, for example, Mr. Foot would have to argue against the existing Select Committees. It is far from clear that they *have had any of the deleterious* effects which he fears from an extension of the system. As Mr. Mikardo pointed out, those MPs who are most active in Committee work are among the most frequent attenders of the Chamber.

Again, the inquiries of the Select Committee on Nationalised Industries into the affairs of the British Steel Corporation last year actually increased the interest of the whole House, and enhanced the debate into the bargain. The idea that an MP who is involved in specialised committee work will become so preoccupied with his *subject* that he will be incapable of talking about anything else is not supported by the evidence.

Terry Kirk

Speakers for parliamentary reform (mavericks both): Mr. Ian Mikardo and Mr. Enoch Powell.

More rational

The case for reform, in fact, is not all that radical. It is not for root and branch change, but for making the present way of doing things more rational. At the moment, we have an *ad hoc* —Mr. Powell would say *post hoc* —system that has grown up by chance. It is uncertain why there should be a Select Committee on overseas aid, but not on agriculture. It is also less than clear why there should be a Select Committee system at all if there are no sure ways of bringing the findings of the Committees to the attention of the Chamber.

To end with Mr. Powell. He is probably correct in saying that it is a case of evolutionary change rather than revolution *or even radical reform. Yet even* that could be useful. One may have doubts about what departmentally-related committees composed of members like many of those in the present House of Commons could actually do. One may wonder, too, how far they would ask the right questions, even *with the help of* outside advisers, and there may also be doubts about how far they would be prepared to do the necessary homework. But one evolutionary change could lead to another and the experiment does not have to be wholly successful in order to work. It could well be that the establishment of more committees, with greater and better defined powers, could result in more attractive tasks for the House of Commons. That in turn could lead to demands for more pay and the gradual introduction of more able Members.

Mr. Foot, it is clear, would still personally prefer the question to be left to the next Parliament. That is in fact a recipe for a much longer delay than is apparent at first sight. No new government is going to be able to give immediate time to parliamentary reform, even though the Conservatives—the new radical party—have promised to deal with the matter in their first year of office. There will be other, *more pressing things to do.*

As for this Parliament, the work has already been done, the research is almost complete and the first reading, as it were, has taken place this week. Parliament that could yet be left with time on its hands could scarcely be better employed than by seeking to reform the House of Commons along the lines proposed. Whatever Mr. Norman St. John-Stevas, the Shadow leader of *the House, may say about the* next Conservative Government going down in history as a great constitutional reformer, the present opportunity may not easily come again.

Malcolm Rutherford

Letters to the Editor

Floating charge as security

From Mr. J. Hartley

Sir,—During all the discussion in the accountancy Press on the subject of so-called "Romalpa" clauses, I have not yet seen an opinion on the justice or otherwise of the princi*pal enemy of such clauses—the* floating charge. The latter is a device by which the lender of money to a business is able to obtain security for the loan—and any *subsequent increase* in the loan. The security consists of a first charge on the whole of the assets of a business, effectively giving the lender the right to obtain payment in full (after certain preferential debts) before "ordinary" trade creditors get a bean.

The normal lender in such a case is a bank, and it is very often common for a bank to ask for a floating charge when over*draft facilities are negotiated.* The effect is that, at a stroke, all present and future assets of the business are there for this lender to grab in priority to trade suppliers if the business runs into trouble.

If we analyse the sources of working capital of a business we *will normally find that* at least as much (to put it no higher) is owed to trade creditors as to a bank on overdraft. We can surely not say that one of these resources is more valuable than the other, or more essential.

It has been argued on behalf of banks that their risk is greater because they are not in daily touch *with their* customers, or with "talk in the trade," and are therefore not in a position to take action to protect their *loan in good time. In my view* this takes no account of the overall view of a business which a bank account can give to an experienced banker, and which gives him an advantage not enjoyed by trade suppliers.

It is difficult to find a reason why one source of funds should be able to protect itself so successfully to the detriment of the natural rights of other sources, *and I am left to conclude that* "first come, first served" is the criterion. As there is effectively only one floating charge per business, this leaves everyone else out in the cold.

I referred above to "natural rights" and believe that the law, if it is not to look foolish, *must* reflect *natural* justice. This would be served by the outlawing of the floating charge. Other developed countries are able successfully to operate commercially without such a device. Much more use could be made of fixed charges where specific assets such as named *properties serve as security.*

I am well aware of the power of the "bankers' lobby" which includes some of the largest and most influential accountancy firms (accountants are usually appointed to rake in the assets if a business can't pay off its overdraft when requested!). A High Court judge recently found a way of making Romalpa clauses more difficult to operate, and I do not doubt that some other judge will find equally good arguments for reversing the ruling.

A chartered accountant myself, I cannot believe that my colleagues will continue to support the denial of natural justice to a part of the commercial world upon which, after all, they depend to a much *greater extent* than upon banks.

J. D. Hartley,
The Brow,
29 Creskeld Lane,
Bramhope, Leeds

Motes and beams

'rom Mr. M. Barrell

Sir,—Mr. Murray (Feb. 21) n rebuking Mr. Chapple for his riticism of public service vorkers, must be correct in that nany are far too low paid for he essential work they do. Had Mr. Murray and his ilk however, vorked a little harder in he past for the less militant ections of his flock and less or the powerful unions, who, y and large have disrupted and *mpoverished* the nation, such nomalies and injustices might vell have been resolved. Keep oing Mr. Chapple, you appear o be speaking for most of the eople and Mr. Murray about a ness he is to an extent esponsible for.

I. J. Barrell
hanfield, Reading, Berks.

The Prince's remarks

rom Mr J. Ekins

Sir,—Prince Charles' remarks February 22) about communications in industry are, with espect, more likely to do harm ian to build on the good work hich has already been done in us field.

Regrettably there are those ho do not wish to communicate, especially when reasoned rgument contains unpalatable uths. They will, I fear, for iany years quote the Prince's ords as a useful diversion. ost managers will feel they ave been let down.

Like Prince Charles, I once ommanded a warship, where ommunication is relatively asy. In a senior position in industry I find that customs and laws are very different.

James Ekins.
Chapel Cottage,
Easton,
Winchester, Hants.

Shoplifters and shopkeepers

From the Chairman, Underwoods (Cash Chemists)

Sir,—Mr. Leo Abse's recent comments on shoplifters must not go unanswered. He is after all an MP, a man whose views we should respect, but it is surely time for us all to utterly reject and expose to ridicule such thoroughly damaging views.

We, shopkeepers, are said by him to "recklessly display goods" and at the same time to not employ enough assistants. I think it is generally acknowledged that the retail industry in this country is modern, highly competitive, with margins constantly under pressure resulting in the British shopper getting, and rightly so, a very good deal indeed, especially when compared with the rest of Europe. If we were to employ assistants to handle goods more than is commercially necessary, even Mr. Abse must see that costs and thus prices would unnecessarily increase. Perhaps at that stage his attitude would be "that much margin just for handing goods over the counter" and suggest that a Government body be set up to investigate the increases.

We are told by him that "It is *known* (my emphasis) that when pilferage is too low some stores become apprehensive *because they fear this means* insufficient salesmanship." Who pray are the people (respectfully may I suggest the enquiry to be made outside the House), who know this to be true? Can it be believed that a retailer will complain that insufficient goods are stolen from him? Can Mr. Abse name the firms that admit this view? Does he understand the absurdity of the concept that firms are able to measure on a day to day, week to week or month to month *basis precisely* how much theft is taking place such that they are immediately able to improve their loss?

We are also told that most au pairs are "afflicted with loneliness relative poverty and *social isolation*" thus tempting them to steal. I understood that the whole point of being an au pair was to be with a family, assured thus of not being lonely, to have good food and board provided which cannot by any stretch of the imagination be deemed poverty, and as for "*social isolation,*" it must be 20 years since I dated an au pair but if I can remember aright they were having a damned good time then as I am sure they are now.

It is to be thoroughly regretted that so many politicians today have no idea whatsoever what motivates people, no idea of the market place, and unfortunately no idea how ridiculous their views are seen by both.

Notwithstanding Mr. Abse's outcry, at the next General Election, I anticipate seeing him resplendently and recklessly displayed in the manner in which he sees fit to sell himself to his constituents for their votes.

Harry Woolf.
205 Brompton Road, SW3

Essential workers

From Mr. G. Colthorpe

Sir,—Your correspondent Mr. Kovach (February 16) could have answered his own question —why should the taxpayer subsidise farmers on a larger scale than British Leyland workers at Longbridge?—had he thought for a moment.

Farmers and farm workers work seven days a week in the majority of cases, producing the essentials of life. Often in cold, wet, or dusty conditions.

A large proportion of farms are small businesses consisting of the farmer and his family, and perhaps one or two employees.

The farmers and farm workers do not work to rule, or ruin their own business or employment by strikes and *demarcation disputes.*

The subsidies are not basically paid to the farmers to line their pockets, but in order to keep an essential industry in existence and provide cheap food for Mr. Kovach and the rest of us.

A pint of milk in 1939 cost 4d. Today it costs 11½p, or *2s 4d*—seven times the pre-war price. A British car bought in 1939 for £184 now costs £2,500-plus—an increase of 13 times the pre-war price.

G. E. Colthorpe.
Spurway Cottage, Bickleigh, Tiverton, Devon.

Dividend control

From the Chairman, Blundell-Permoglaze Holdings

Sir,—I was very pleased to read Mr. Terry Ogg's article on dividend control (February 21) in which he makes reference to my company. It is, of course, a subject of particular interest to me. I welcome the attention he has drawn to this matter and what I regard as a narrow interpretation by the Treasury of the Government's intentions announced in July 1978, upon which one based a reasonable hope of an improvement in the situation.

In my company's case, we sought permission for an increase still within our understanding of the cover formula. It is worth reminding ourselves of the very large stake now held in public companies by pension funds and the like, who would, of course, be the principal beneficiaries from dividend increases. Only 40 per cent of this company's shares are now held by private individuals.

Since 1972 Blundell-Permoglaze has trebled trading profit and quadrupled exports—surely reason enough for some relaxation of control. This is a matter of wide concern and worthy of an immediate reconsideration by Government and support by the Opposition.

N. G. Bassett Smith, CVO.
York House,
37, Queen Square, WC1.

Members of Europe

From Mr. N. Phillips

Sir,—Mr. Smedley (February 20) gives the impression that a Member of the European Parliament must choose between fighting for British interests and placing European interests first. This is another depressing example of the widespread British habit of viewing the European Community as if it were some foreign power to which we send delegations.

I hope that Members of the European Parliament will be able to bring home to the people of this country that being a patriot is not incompatible with believing that European solutions to our problems can be more effective than purely national ones. The European Parliament's influence and authority will be determined by the way in which European issues are debated on a transnational political basis, not by the Parliament becoming a cockpit for warring national interests—we get quite enough of that already from the Council of Ministers.

One could have hoped for a rather more evolved approach to the development of one of the Community institutions from a vice-chairman of Greater London Young Conservatives.

Nick Phillips.
83, York Mansions,
Prince of Wales Drive, SW11.

Liberals in power

From Mr. P. Easton

Sir,—Not only are there active Liberal Parties in just about every one of the member nations of the Community, sharing commonly adopted policies as pointed out by my colleague Jack Campbell (February 19) but the Liberals in Europe are actually in a position of some power.

They hold an absolute *majority on the decision-making* Council of Ministers; it is an interesting fact that two Presidents, one Prime Minister and no less than five Foreign Ministers are Liberals among our Continental Community neighbours.

There is one other point that should be made: unlike the other two major British parties, Liberals have always been consistent in supporting the concept *of Europe, even if we* criticise, constructively, quite a number of its institutions and policies.

I am convinced that one quality our electorate does demand in its politicians (usually without much success) is consistency. I believe many voters will bear that factor in mind when they cast votes on June 7.

Peter Easton.
122, Somerset Road, SW19.

Parliament and Parties

From Margaret Nord

Sir,—It would seem that the British. Press and people, do not realise that within the European Parliament no national parties have leaders, except the British Conservatives and Socialists. The leaders of the various political groups are elected by the members of the group.

Surely the coming newly elected members of the Conservative group, in the enlarged European Parliament, should be free to choose their own leader independent of the views of the party leader at Westminster? They might also consider consulting the Danes who will belong to their group.

Margaret Nord
15, rue Conrad 1er,
Luxembourg.

A game all can play

From Mr. P. Nicolson.

Sir,—As I read the letter from Stephen Wrinch of his Industrial Society (February 20) my admiration reached glowing point. It was an exceptional collection of "non-sequitur" from the first sentence onwards. It read "whether or not we restrict an individual's freedom by requiring him to join a union as opposed to a pension fund is largely academic."

Let's try another one. "Whether or not we restrict an individual's freedom by requiring him to join the Conservative Party as opposed to paying income-tax is largely academic." It is a game with many variations. How about ". . . Arsenal Football Club as opposed to paying VAT . . ." or ". . . Sergeant Pepper's Lonely Hearts Club Band as opposed to paying for a dog licence. . . ."

Democratic freedom cannot include laws which compel individuals to join voluntary organisations.

Paul Nicolson.
Tallents, Kimpton, Hitchin, Herts.

The Ford strike

From Mr. J. Karran

Sir,—If I understand the figures correctly, Ford workers are likely to get—in the purchasing power of their wages—only about 30 per cent of what they got last year (assuming 10 per cent inflation). The strike was clearly damaging to the company and to the future prospects of both parties. It certainly has not done the rest of *us any good either.*

I hope this message gets down to the shop floor, and that we will yet hear a UK Ford worker saying, as did his Volkswagen opposite number in a BBC interview: "Strikes don't sell cars," and demanding negotiators who don't suffer from economic tunnel vision.

Jack Karran.
33, Clifton Place, W2.

GENERAL

UK: Two largest Civil Service unions call national one-day strike of 285,000 members.

Mr. Anthony Wedgwood Benn, Energy Secretary, speaks at Institute of Chartered Accountants conference on control of energy costs, Moorgate Place, EC2.

Dr. Dickson Mabon, Energy Minister, and Mr. Wm. Rodgers, Transport Secretary, address East Midlands Labour Party meeting at Loughborough.

Mr. Michael Foot, Lord President of the Council, and Mr. Bruce Millan, Scottish Secretary, speak at Scottish Region Labour Party meeting, Aberdeen.

Today's Events

Prince Charles attends recommissioning of HMS Bulwark, Portsmouth, and accepts freedom of the city.

Church of England Synod meets, Church House, Westminster.

Overseas: Organisation of African Unity Council of Ministers meets in Nairobi.

Mr. Michael Blumenthal, U.S. Treasury Secretary, leaves for Peking.

OFFICIAL STATISTICS

Department of the Environment publishes January figures for brick and cement production.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' Bills.

COMPANY RESULTS

Final dividends: Liden (Holdings). Tyneside Investment Trust.

COMPANY MEETINGS

Brooke Tool Eng., Great Eastern Hotel, EC, 2.30. Grange Trust, Finsbury Pavement, EC, 12.30. Robert H. Lowe, Roldane Mills, Congleton, Cheshire, 12. Northern Foods, Grange Park Hotel, Willerby, nr. Hull, 12.30. Raeburn Investment Trust, 21 Moorfields, EC, 2.30. Wearra Group, Wickstead Park, Park Pavilion, Kettering, Northants, 12.

Bath and Portland ahead: £3.5m Iran provisions

PRE-TAX profits of Bath and Portland Group advanced from £4.85m to £5.18m in the year to October 31, 1978, on turnover ahead from £78.56m to £89m.

But because of the troubles in Iran the group has made a £3.5m contingency provision in case its road contract there is terminated and it has to resort to the insurers.

The director say that the recent events in Iran have stopped work on the road and the future of the contract is uncertain. They add that they cannot be certain whether the provision will be excessive or insufficient.

At the end of the financial year the contract was about 70 per cent complete, and a profitable outcome could be forecast.

Included in the latest balance-sheet are Iran contract assets of £37m. These include special advances of £14m which, since the end of the last financial year, have been increased to £19m. The increase was due to delayed payments from the Iran government.

The repayment by the group of these advances has been guaranteed by a British Government department.

However, the directors add that if work should be resumed under conditions prevailing in the last financial year the outcome would be satisfactory.

They say they are delaying a current year forecast until the position in Iran is clearer, but they expect all UK activities to show a profits and turnover advance.

The Board adds that trading in the UK was very much as forecast. At the halfway stage when pre-tax profits were up from £.88m to £2.05m the group predicted a modest increase.

At the year end the minerals division had pushed up profits from £1.63m to £1.94m, the building civil engineering side from £2.8m to £2.95m, and the chemical division had reduced losses from £244,000 to £90,000. Engineering profits fell from £1.02m to £762,000, and the agricultural division slipped from £323,000 to £241,000.

The group pre-tax profit is struck after depreciation and interest of £4.17m, against £4.13m.

Tax takes £2.68m, compared with £2.17m, and there is a provision less tax for the Iran contract of £1.68m (nil) charged against reserves. The net profit is slightly down at £2.5m, against £2.69m.

The final dividend of 2.014p net per 25p share lifts the total from 3.298p to 3.614p. Stated earnings per share before tax are shown as 34.1p (31.9p), and 16.3p (17.5p) after the charge. Assets per share are given as 112.1p (111.2p).

HIGHLIGHTS

Scenes of near pandemonium were evident in yesterday's rush to subscribe for the two new gilt-edged issues at the Bank of England, but Lex devotes most of its space to the results of two of the UK's largest companies. ICI's fourth-quarter turnout proves to be disappointing, yet the City is optimistic about an upturn this year and the shares moved ahead on the day. Meanwhile Barclays Bank produces figures showing a substantial profits increase last year. Lex also takes a look at Bath and Portland, currently struggling with a large Iranian contract. Elsewhere, Newbold and Burton's profits show a sharp rise, but at Allied Insulators' profits fall for the second year running.

City Offices hopes to pay 2.84p

GROSS income of City Offices Company rose from £1.35m to £1.53m and taxable profit expanded from £1.12m to £1.29m for 1978.

Tax charge was much lower at £172,836 against £519,647 and there was an extraordinary credit of £445,179 compared with £251,167. Earnings are shown as 4.56p (2.62p) per 25p share.

A second interim dividend of 1.18911p (0.95p) is announced and the directors intend to pay a final of 0.79089p, subject to necessary permission from the Treasury under the newly introduced regulations on dividend cover. This would lift the total from 1.72p to 2.84p net.

Accounts of the company's subsidiary in Zambia have not been consolidated in the figures, but the dividend has been included.

See Lex

J. Stocks boosted by assets sale

INCLUDING profit on sale of assets of £26,341, against £1,756, taxable profits of Joseph Stocks and Sons (Holdings) came out higher at £294,057 for the half year to September 30, 1978, compared with £268,625. Turnover rose from £18.6m to £22.32m.

Six months tax took £152,910, against £139,685 and the interim dividend is maintained at 1p net per 25p share—last year's final was 3.329p from profits little changed at £564,000 (£568,000).

Stocks is a wholesale provision merchant, importer and distributor.

Increase at Cardinal Trust

FOR 1978, revenue of the Cardinal Investment Trust increased from £707,626 to £857,069, subject to tax of £342,183 compared with £265,281.

With earnings ahead from 4.08p to 4.76p the dividend total is raised to 4.5p (3.9p) per 25p deferred share, with a 2.85p final. A one-for-three scrip issue is also proposed.

Net asset value is given at 156.1p (147.6p) per deferred share.

Better quality lending aids 27% growth by Barclays

BENEFITTING chiefly from much lower bad debt provisions of £22.8m, reflecting improved lending, Barclays Bank lifted taxable earnings 27 per cent from £294.6m to £373.3m in 1978. The increase was largely attributable to the domestic banking operations.

These profits says Mr. Anthony Tuke, the chairman: "can be regarded as satisfactory but they are no more than is required to finance an expanding business bearing mind that the £ is now worth less than half its 1973 value"—that year the bank reported profits of £152.6m.

He further adds that the performance must be seen in relation to the need to augment capital and reserves now standing at £1.65bn (£1.4bn) which support world wide deposits of £20.8bn.

Of the increase at the pre-tax level £219.1m, against £163.1m, came in the second half. Operating profit for the year was £79.3m higher at £349.2m.

With deferred tax treated in accordance with accounting standard No. 15, the tax charge was down from £139.7m to £135.5m leaving the net balance at £237.8m (£154.9m) for earnings per £1 share up 34.5p to 105.3p.

In line with the forecast made at the time of the agreed takeover offer for Investment Trust Corporation in June, the net final dividend is 7.4098p taking the total to 13.4598p (11.0491p). In addition 0.0841p is to be paid in respect of 1977. The total cost of dividends is £29.7m (£22.6m).

The group's international side accounted for a little of the advance in profits, its contribution would have been more if exchange rates had remained steady. The improvement in the clearing bank's figures was due to a variety of factors. Apart from the lower provisions, these included higher than expected interest rates and larger balance on current accounts. In addition Mercantile Credit and Barclaycard produced excellent results, Mr. Tuke adds.

Operating profit was struck after charging £14.3m losses (£24.2m profits) on sale of investments, other than trade investments; depreciation of £40.9m (£36.7m), of which £6.8m (£6.1m) was in respect of freehold premises; and allocating £14.7m (£10m) to trustees for the profit sharing scheme.

Terry Kirk

Mr. Anthony Tuke, chairman of Barclays Bank.

The results are the first to be published by Barclays since the London and Scottish clearing banks decided to move towards greater disclosure and abandon the "Leach-Lawson" rules on accounting and disclosure. They show that total provisions against bad and doubtful debts at year end were £43.6m down at £400m.

These figures, representing both specific and general provisions against advances, are stated as gross. The general provisions against banking advances continue to be held within a band of 1 per cent to 1½ per cent of risk advances.

	1978 £m	1977 £m
Operating profit	349.2	269.9
Share of assocs.	43.3	39.7
Interest	19.2	15.0
Pre-tax profit	373.3	294.6
Tax	135.5	139.7
Net profit	237.8	154.9
To minorities	11.7	12.0
Extraordinrey credits	2.4	0.3
Attributable	228.5	143.2
Dividends	29.7	22.6
Retained	198.8	120.6

At year end advances to customers considered risk free, totalled some £17bn. A £4m (£2.4m) surplus on revaluation of properties, this time by associates, has been taken to reserves.

Barclays' total of bad debt provisions at £400m — or 2.3 per cent of total advances at the year end—contrasts with Lloyds which last week revealed provisions amounting to 0.8 per cent of its advances.

It became clear, yesterday, that there is an important difference between the way the two banks set up their general provisions: in the Lloyds case general provisions are assumed to be set after tax, whereas Barclays makes a gross provision.

The second major change in accounting policy, concerning deferred tax, means that like Lloyds, Barclays is now making provision only for the taxes it expects to have to pay in the foreseeable future.

However, on the controversial question of whether full provision should still be made for tax deferred on leasing business Barclays has compromised by going for a 25 per cent provision while Lloyds, made no such provision.

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Allied Insulators	2.89	Apr. 4	2.63	4.54	4.38
Anglo-Intl. Inv.	2.6	Apr. 10	2.2	3.6	3.2
Barclays Bank	7.41	Apr. 30	5.63	13.46	11.05
Bath and Portland	2.01	Apr. 5	1.8	3.61	3.3
Brown Bros. ...int.	0.53	Jun. 1	‡0.5	—	‡1.62
Cardinal Inv. Tst.	2.85	Mar. 23	2.4	4.5	3.9
City Offices ...Sec. Int.	1.19	Apr. 6	0.95	§	1.72
Robt. M. Douglas ...int.	0.97	Apr. 12	0.88	—	3.46
Fledgeling Invs.	2.05	—	1.84	2.05	1.84
ICI ...2nd int.	8.47	Apr. 5	7.52	18.47	16.52
Lancs and Lon. Inv.	2	Mar. 28	1.8	2	1.8
Nat. Carbonising ...int.	Nil	—	9.66	—	1.33
Newbold and Burton	2.14	Apr. 5	1.6	3.48	2.8
Olives Paper	1.49	Apr. 10	1.25	2.69	2.25
J. Stocks ...int.	1	Apr. 2	1	—	4.33
Weber Holdings	9	—	8.5	10.75	10.25

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ For 18 months. § Final 0.79089p intended subject to Treasury permission to make total of 2.84 for year. ¶ Additional 0.0841p for 1977.

Newbold and Burton up 49% to £0.7m

A SECOND half profit of £480,000, against £309,000, boosted taxable profits of Newbold and Burton Holdings, ladies' footwear manufacturer by 49 per cent from £468,000 to a record £699,000 for 1978. Turnover was up 15 per cent to £9.92m.

At the interim stage the directors said there were excellent order books, and higher levels of production made them very confident for the second half.

Earnings per 25p share for the full year are shown as 12.3p (8.8p) and the dividend is stepped up to 3.475p (2.7951p) net with a final payment of 3.137345p. The total is increased by 24 per cent, the maximum currently permitted under the regulations, still leaving the dividend covered 3.5 times.

Also proposed is a two-for-five esrip issue: directors intend to increase the authorised capital from £800,000 to £1.2m and capitalise reserves.

	1978 £	1977 £
Sales	9,924,000	8,578,000
Profit before tax	699,000	468,000
Tax	330,000	205,000
Net profit	369,000	263,000
Extraord. credit	93,000	—
Brought forward†	750,000	571,000
Making	1,212,000	834,000
Dividends	104,000	84,000
Leaving	1,108,000	750,000

† Including transfers from reserves.

● comment

In spite of competition from cheaper imports, Newbold and Burton has had a good year's trading during 1978. Turnover, although lagging slightly behind the increase in retail footwear sales for the period, improved by almost 16 per cent while profits jumped by nearly a half, thanks to volume gains, lower unit costs through internal efficiency and some favourable prices obtained on leather purchases. Demand for leather boots, a high margin product, has again been high although the group generally has not been able to keep pace with orders. This is partly because of the shortage of skilled labour but also due to the fact that the company is engaged in the high fashion women's sector, and it is difficult for management to switch production at short notice to comply with changes in fashion. Although the current order book is healthy, the prospects for the rest of the year are uncertain, especially as raw material prices show no signs of stabilising. However, ladies fashion is historically reasonably resilient to economic downturns. At 62p, the shares yield 8.7 per cent while the p/e is 4.9.

RAEBURN INVESTMENT

Raeburn Investment Trust has purchased for cancellation £84,555 nominal of its 4½ per cent convertible unsecured loan stock 1973/98, leaving in issue £433,085.

Gt. Northern Investment Board's policy continues

Prospects for world wide economic growth in 1979 look rather poor when compared with 1978, says Viscount Weir, the chairman of Great Northern Investment Trust, in his annual review. He adds that it continues to be the directors' policy to seek investments which have above average capital and revenue growth potential.

As reported on January 16 revenue came out at £2.31m (£1.97m) for the November 30 1978 year, and the dividend is stepped up to 4.5p (3.87p) per share.

In light of the world economic situation the directors, sensing the trend in the early part of the year, increased the Trust's liquidity by realisations from the UK equity portfolio. And they deferred further investments which they had envisaged making through the investment currency market, and through the Trust's dollar loan facility.

The chairman says that £5m was realised from UK equities. Half of this came from the capital goods sector and the balance from the other major market areas except oils and financials. Overseas minor movements of funds involving £1.1m were made affecting the Canadian and Pacific area investments.

Towards the end of the year the sums realised from the UK market were partly used in acquiring further overseas investment currency, he adds.

Net current assets rose from £2.5m to £4.69m at year end.

Meeting, Glasgow, March 19, at noon.

NCC will not pay interim

National Carbonising Company is not paying an interim dividend, and there is unlikely to be a final payment, say the directors.

The Board says that the trading situation does not justify an interim payout.

In the half year to September 30, 1978 the group turned in a pre-tax loss of £90,000, against a £22,000 surplus. In the last financial year it made losses of £266,000, against profits of £27,000.

The group, which manufactures "Rexco" smokeless fuel, and distributes engineering and commercial vehicles, paid a total of 1.33p net per 10p share last year, after an interim of 0.66p.

Listing for U.S. energy company

A U.S. energy company, UNC Resources Inc., which is considering raising funds in the Euro-currency market, has been granted a quotation on the London Stock Exchange.

UNC is the holding company for United Nuclear Corporation of Virginia. Its principal activities include uranium and coal mining.

According to Mr. K. A. Cunningham, president and chief executive officer, the London listing reflects the company's awareness of the increasing international importance of uranium.

For the nine months to end December, 1978, the group's sales amounted to $211m (£105m) and earnings totalled $27m (£13.4m).

UNC is currently trading at $31½ on the New York Stock Exchange. In London last night the shares closed at £15.50.

UK COMPANY NEWS

ICI finishes £62m lower at £421m

IN THE *fourth* quarter of 1978 pre-tax profits of Imperial Chemical Industries, the UK's largest industrial concern, came through at £87m leaving the year's total at £421m—a reduction of £62m on the previous year.

In the first half of the year there was a recovery in profits from the low level of the second half of 1977 but this was not sustained into the second half of 1978.

The directors explain that the benefits of improved volume were more than offset by rising manpower and raw material costs which could not be matched by higher *selling prices.*

This is the second year running that profits of ICI have fallen and prospects for 1979 have already been clouded by the impact of the road haulage strike which cost some £100m in lost sales.

The directors state that the fall in sales volume in the second half of 1977 was recovered in the first half of 1978 and, following a seasonal decline in the third quarter, there was a further increase in the fourth quarter.

Exports from the UK for the year were higher in volume *than in 1977 but lower in value,* due to weak prices in Europe and to the weakness of the dollar compared with sterling.

After tax and minorities the balance attributable to the parent comes out at £304m compared with £319m. *Earnings per* share are stated to be lower at 53.6p against 56.8p.

The dividend total is increased from 16.5159p to 18.4659p net, with a second interim of 8.4659p.

	1978 £m	1977 £m
External sales	4,533	4,663
Profit before tax	421	483
After—		
Depreciation	226	221
Exchange loss	38	29
Taxation less grants	100	136
Profit after tax	321	347
Minorities	17	28
Applicable parent	304	319
Extraordinary items	3	29
After extraord. items	301	290
Dividends	105	93
Retained	196	197

The group sold its 63 per cent interest in Imperial Metal Industries in early November, 1977. IMI's results are included in group results up to *October* 31, 1977, but its sales have been excluded from 1977 in the following: group sales for the year were £4,533m (£4,295m). The value of sales in the UK increased by £165m to £1,800m and in overseas markets by £78m to £2,733m. The fob value of exports from the UK was £856m (1977 £864m).

On a current cost basis, the total of additional depreciation, *cost* of sales adjustment and erosion of the value of trade debtors less creditors would have reduced profit before tax for 1978 by £271m compared with a reduction of £251m for 1977.

The accounting charge for tax less grants for 1978 and the comparative figures for 1977 have been prepared in accordance with SSAP15. The charge, amounting to £100m (£136m) consists of £60m of UK corporation tax (£92m) less a credit of £23m for UK Government grants (£22m), £50m overseas tax (£50m) and £13m on the profits of principal associates (£16m). Compared with the basis previously used by ICI the accounting charge for tax in the 1978 *accounts* is reduced by *about* £60m.

Trading results for first quarter of 1979 will be announced on May 24.

Brown Bros. slips in first half

INCLUDING a much reduced non trading profit of £28,000 against £271,000 last time, pre-tax profits of Brown Brothers Corporation, a subsidiary of Dana Corporation of U.S., were down slightly from £1.82m to £1.72m for the six months ended December 31, 1978.

For the previous 18 months profits expanded to £4.64m (£1.98m for 12 months). The directors then said that first quarter profits were ahead and that these trends should continue.

Mr. E. G. Spearing, chairman, says that a reasonable start has been made in the second half, bearing in mind the national uncertainties, but unless there is a considerable and early improvement in these conditions, he feels it would be unwise to forecast continued growth in the immediate months.

In the medium and long term, the directors, he says, are confident *in the company's ability* to increase profits and sales—turnover for the six months was up from £35.95m to £43.94m—and that both operations are increasingly benefitting from the association with the Dana Corporation.

This *has recently* been strengthened by the establishment of Dana Europe management team in London, he adds.

Earnings for the first half are shown as 3.49p (3.72p) per 10p share and the interim dividend *is raised slightly from 0.5p to* 0.53p net—for the 18 months period a 0.5p second interim and a 0.62p final were also paid.

The distribution companies continued to expand; Brown Brothers Limited opened two further cash and carry operations in Glasgow and north London, making a total of seven, and three truck part branches were opened at Brockley, Sheffield and Whillenhall.

Four Brown Brothers branches were opened at Bristol West, Barnstaple, Basingstoke and Bromley. Relocation of older type branches continued in Birmingham, Southampton and Carmarthen, Mr. Spearing states.

The export company exceeded both profit and sales forecast, and Irons and Dean, Lucas Service Agencies acquired in March last year, performed well and made a very satisfactory contribution.

In the manufacturing companies, the chairman says the *latter part of last year turned* out to be a difficult time with a sharp decline in sales of commercial and aircraft fasteners; "Sales to the UK motor industry were also down due to our customers' industrial disputes whilst in*creased production for the air*craft industry was not sufficient to compensate," he explains.

New house building continued to be depressed, so that sales of Johnson and Starley warm air heating systems were down on the comparable period.

The manufacturing companies continued to improve productivity and are well set to go ahead again given fair market conditions.

	Six months 1978 £000	1977 £000
Turnover	[illegible]	35,948
Trading profit	2,015	1,768
Non-trading profits	28	271
Profit on sale of properties	136	471
Goodwill written off	108	—
Interest	321	219
Profit before tax	1,722	1,820
Taxation	120	113
Net profit	1,602	1,707
Minority interest	1	1
Interim dividend	243	229
Retained	1,358	1,477

Expansion for Caplan Profile

AT THE annual meeting of Caplan Profile Group the chairman, Mr. Ian Caplan, said that in spite of industrial disputes and climatic conditions, the first half year would show a "substantial increase" in both turnover and profits over the corresponding period last year.

Forecasting the full year's results was *somewhat hazardous,* but he was confident that another record year would be achieved.

£0.18m rise for Olives Paper

AFTER REPORTING higher midway profits of £148,923 against £81,801, Olives Paper Mill finished 1978 well ahead from £137,682 to £325,106, on turnover *up £0.3m to £4.97m.*

The result reflects a continuing climb towards the record profit level of £370,542 achieved in 1974, which was followed by a slump to £24,551 the next year.

The directors say the present order position shows an improvement over the same period last year, and they fully expect the *company to recover from the* shortfall in production caused by various industrial disputes.

They state it would be imprudent to make a firm forecast in view of present industrial unrest, but given a reasonably stable economy, they are confident of maintainig the present level of profitability in the current year.

From higher stated earnings of 9.9p (4.21p) per 20p share, the dividend total is lifted from 2.25p *to 2.6895p net, with a 1.4895p* final. A one-for-one scrip issue is also proposed.

After tax of £166,647 (£70,231) net profits for the period rose from £67,431 to £158,459.

U.S. DEBENTURE

Net revenue available for dividends at United States Debenture Corporation increased from £2,524,909 to £2,883,449 for the year ended January 31, 1979.

Owing to an agency error, the figures in yesterday's report were incorrectly shown as £2,178,399 (£2,079,088).

MINING NEWS

CRA making a A$62m issue

BY KENNETH MARSTON, MINING EDITOR

THE generally expected issue of new shares by the Rio Tinto-Zinc group's Conzinc Riotinto of Australia is now announced. Designed to raise some A$62m (£35m) it is a renounceable rights offer (to non-U.S. shareholders) of one new share at A$2.90 (164p ex-premium) for every 15 held at March 16.

Payment will be in two equal instalments, the first by April 24 and the second by October 19. The issue will be underwritten by Potter Partners of Melbourne. CRA expects that the 1979 dividend total will be maintained on the higher capital at not less than the 10 cents (5.65p) paid for 1978. The existing shares were 304p yesterday.

CRA shareholders will also be given the opportunity to acquire further new shares at the same subscription price by paying 15 cents per "right" to buy one under a non-renounceable offer in the proportion of one right for every six shares held at March 16.

This second offer arises out of the fact that the parent RTZ is to pass onto them the greater part of its entitlement to the offer. After the issue the public shareholding in CRA will rise from 27.4 per cent to 31.8 per cent, thus lowering RTZ's stake from 72.6 per cent to 68.2 per cent.

Apart from the RTZ stake, the overwhelming majority of CRA shares is held by Australian investors and the London parent RTZ's decision to pass up its entitlement to the issue is in accordance with its policy of providing the opportunity for increased Australian ownership of CRA; this is in line with the Australian Government policy of achieving Australian control of domestic enterprises.

While the issue is largely dictated by the Australian Government guidelines, it will also provide CRA with funds for the expansion of existing activities and for further investment opportunities. CRA will thus be in a position to make new acquisitions in Australia using either cash or shares, or a combination of both.

Opportunities for new investment Down-Under must include the group's Ashton diamond venture, although this is still very much at the unproved exploration stage. A nearer term possibility could be in the country's emerging uranium producers. Now nearing the go-ahead stage at last they will be seeking capital and for uranium the Government requires a 75 per cent domestic ownership.

Meanwhile, CRA is heading for a much more prosperous year if metal prices maintain their recent increases. Virtually all the company's major sectors should earn more and the iron ore producing Hamersley, which has been hit by the world steel recession should at least do no worse. CRA's forecast of an at least maintained dividend on the higher capital is thus clearly pitched on the conservative side.

Inco holds back its capital spending

INCO, the Canadian nickel producer and leader of the international market, expects capital spending this year to fall to $150m (£74.7m) from $220m spent in 1978, Mr. J. Edwin Carter, the president, said in Montreal yesterday.

The fall reflects in part reduced spending on projects in Indonesia and Guatemala as the major ventures near physical completion. But the group is also keeping a very close rein on capital authorisations in view of recent difficulties on the nickel market.

Although Inco has resumed the practice of publishing list prices and the market has definitely improved over the last few months, leading to a rundown in the very high stockpiles held by producers, Mr. Carter was at some pains to douse any over-enthusiastic optimism about future trends.

Noting that supply and demand have improved in recent years, he said the degree of improvement in 1979 will depend in part on the extent to which nickel production continues at reduced levels.

The industry is still plagued by over-capacity, he said, and production in the non-Communist world this year will be only 65 to 70 per cent of capacity, and demand will be 75 to 80 per cent of capacity.

For the longer term Mr. Carter predicted that growth rates for nickel consumption would fall from the 5.7 per cent average annual increase which prevailed from 1946 to 1977, largely because of slower economic growth in Europe and Japan.

ROUND-UP

Brenda Mines, the Canadian copper and molybdenum producer which is 50.9 per cent owned by Noranda, reported 1978 fourth quarter net income of C$4.0m (£1.66m) against C$3.0m in 1977 and full year net profits of C$13.4m (£5.58m) compared with C$9.5m the previous year. The gain came from higher metal prices and the fall in the Canadian dollar.

* * *

A return to profit has been announced by **Campbell Chibougamau Mines** on the back of higher gold production and improved prices. In the six months to December, net profits were C$453,000 (£188,830) against a loss of C$437,000 in the 1977-78 first half.

* * *

Steep Rock Iron Mines has finished mining at Atikokan in Ontario but pelletising will continue until August. In 1978 net profit was C$6.0m £2.5m compared with C$4.6m in 1977.

* * *

Duval Corporation, the U.S. copper group which is part of **Pennzoil**, is to resume production of copper and molybdenum at its Esperanza property, near Tucson in Arizona. The move is a response to the recent firmness of the international copper market. Esperanza has been closed since September 1977.

A poor year for Imetal

IMETAL, the French mining group controlled by the Rothschild family, saw its holding company profits whittled away further last year as a result of losses in some of its overseas operations, reports **David White** from Paris.

Net earnings declined to FFr 36m (£4.2m) from FFr 37m in 1977.

Apart from heavy losses at **Le Nickel**, the new Caledonia nickel mining venture which Imetal shares as a joint venture with the French state-controlled Elf-Aquitaine oil group, the principal drain on resources was at the zinc, lead and silver subsidiary, **Penarroya**.

But Penarroya's losses, of about FFr 38m, were due to a very poor first half and were trimmed in the second half. Recent improvements in lead and zinc prices have put the company back onto a profitable footing.

The **Mokta** group of companies, involved in iron ore, uranium, manganese and aggregates, increased its earnings to FFr 26.7m from FFr 23m.

Imetal's U.S. subsidiary, **Copperweld**, registered a lower profit of $11.3m (£5.65m) compared with $16.3m the previous year. The company said this was due to an exceptional charge of $8m in connection with the partial closing of a plant. Copperweld's turnover was 21 per cent up at $420m.

MINING BRIEFS

AMALGAMATED TIN NIGERIA—Production of concentrates for January: Tin, 138 tonnes; columbite, 23 tonnes. December 216 and 23 tonnes respectively.

ELECTROLYTIC ZINC—Risdon

Production statement

	4 wks ended Feb. 7	Jan. 10
	(figs. in tonnes)	
Zinc	14,448	15,351
West Coast Mines		
Lead concentrate	1,775	1,281
Zinc concentrate	10,234	9,197
Copper concentrate	1,934	1,721
Ore milled	54,619	51,765

KINTA KELLAS TIN DREDGING—Output of tin ore for January 55 tonnes (December 60½ tonnes).

اهكذا من الاصل

MINING SUPPLIES LIMITED

(Designers and manufacturers of mining machinery, forgings and steel alloy castings. Structural and electrical engineers)

Marked increase in half year results

26 week period ended (figures subject to year-end audit)	28th Oct. 1978	29th Oct. 1977
Sales	£9,779,000	£7,297,000
Consolidated trading profit before taxation	1,221,000	373,000
Taxation	659,000	215,000
Consolidated profit after taxation	562,000	158,000

"The group result for the period is encouraging. There has been a marked increase in exports of mining equipment, in particular to the U.S.A. and Canada. Action has been taken to meet increasing demand in the U.S.A., and a company has been incorporated, 'American Longwall Mining Corporation' (ALMin). Plans are well advanced towards establishing manufacturing and office premises in Virginia, U.S.A., for completion during 1979.

The subsidiary companies have made a satisfactory contribution to the results and your directors recommend the capitalisation of £1,125,000 from reserves to make a bonus issue in the proportion of one new ordinary share for every one now held.

Given a stable industrial climate, I would expect the group to improve further in the next half."

A. Saipe, Chairman.

THE GRANGE TRUST LIMITED

C. Alan McLintock C.A., Chairman, reports on year ended 30th November 1978:

Earnings increased by 19% to £270,000

Recommended ordinary dividend up by 14% to 2.4p per stock unit

Net asset value 104p per stock unit—highest ever recorded

Statement the Chairman points out that, while the fall ...S. dollar and rising interest rates both in the U.S. ...ave eroded short-term confidence in equities, the ...dent that a fairly full commitment to equities ...onger term.

...ive changes during the year which ...the popularity of investment trusts ...conditions not seeing much early ...l, confirms that the Board will ...ities to increase the company's ...al value.

UK COMPANY NEWS

Midway fall by Robt. Douglas

DESPITE INCREASED turnover of £36.26m compared with £32.62m, Robert M. Douglas Holdings, civil engineer and building contractor, reports pre-tax profits down from £1.45m to £1.36m for the half year to September 30, 1978.

Mr. J. R. T. Douglas, the chairman, says he is hopeful that the full year result, which will include a significant contribution from the group's Middle East construction activities, will be similar to the previous year's profit level of £2.9m pre-tax.

He says the group's performance continues to be affected by the policy maintained by the UK Government with regard to expenditure priorities, resulting in a lack of investment in national infra-structure.

Against this background, the construction and specialist contracting divisions did well to increase their forward workload in the UK compared with the same period last year, Mr. Douglas states, although some of this work was obtained at very keen prices.

The group's Middle East associates are also tendering steadily in a more competitive market, he adds, while its formwork and equipment supply division traded profitably overall.

Net profits for the half year dropped from £765,000 to £642,000, after tax of £719,000 (£687,000) which comprised £662,000 (£542,000) in respect of the UK with the remainder overseas.

Stated earnings per 25p share were lower at 6.3p (7.5p), but the interim dividend is stepped up from 0.8805p to 0.9685p net, absorbing £82,269 (£74,794) after waivers amounting to £15,713 (£14,285)—last year's final was 2.5803p.

The pre-tax result was after depreciation of £768,000 (£753,000) and reduced interest receivable of £190,000 (£254,000).

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals, and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—F. Austin (Leyton), Neepsend, Unochrome International.

Finals—Cartiol Investment Trust, Lidan, Tyneside Investment Trust, Ward Holdings.

FUTURE DATES

Interims—	
AAH	Mar. 8
Jos Holdings	Feb. 26
Victor Products (Wallsend)	Mar. 6
Finals—	
Alliance Trust	Mar. 2
BSR	Mar. 9
Barton and Sons	Mar. 28
British Vita	Mar. 1
Howden (Alexander)	Mar. 29
International Invest. Trust	Feb. 27
Isle of Man Enterprises	Mar. 5
Metalrax	Feb. 27
Molins	Mar. 21
Plantation Holdings	Feb. 27
Rea Brothers	Mar. 2
Sale Tilney	Mar. 15

A. C. E. Machinery looks for new markets

Due to difficulties in the Middle East and North America, A.C.E. Machinery (Holdings), construction equipment maker, is currently paying attention to the Far East and certain South American markets, Mr. H. V. Gort, chairman, tells shareholders.

Almost universally, the construction industry is stagnant and although the group is continuing to design new products for new fields, this is a relatively slow process and will take a year or two for the benefits of this investment to appear, the chairman says.

The entry of the subsidiary, William Jones (Chemical Engineers) into the industrial field as distinct from municipal, should make a significant contribution to future profits.

For the year ended September 30, 1978, profits before tax amounted to £299,000 compared with £321,000 on turnover of £3.31m compared with £3.12m. Earnings per 25p share are shown at 9.19p (10.11p).

Home market revenue increased, mainly due to an improvement in the plant hire activity which rose by about 40 per cent over the previous year.

Contracts received for the construction plant activity showed an improvement in the home market but a small decline in the export field.

At January 31, 1979, I.C.F.C. *held 632,965 ordinary shares in* the group. Meeting, Westmoor Street, S.E., March 14 at noon.

Cardiff Malting

Following the return to profitability at Cardiff Malting Co. in its last financial year, Mr. R. Griffiths, the chairman, forecasts that current year profits from malting should not be less than in 1977-78.

However, he says this is providing the brewing industry remains buoyant and that customers are satisfied that last year's results justify a restoral of confidence in the company.

As already known, for the September 30, 1978 year the company, which also has interests in property investment, reported a turnround from a £46,188 loss to pre-tax profits of £8,190.

In his annual report, the chairman says in the current year to date, the barley which has been bought and the malt produced have been of high quality and should be readily marketable.

GILLETT BROS.

Because of a typographical error, yesterday's comment on Gillett Brothers Discount stated *that published shareholders* funds had fallen by £9.2m to £4.6m. In fact they fell by £0.2m *to £4.8m.*

PERKIN-ELMER LIMITED

INTERIM STATEMENT

The results for the six months ended 31st December 1978 based on unaudited accounts are as follows:—

	Six months ended 31st December 1978 £	Six months ended 31st December 1977 £	Year ended 30th June 1977 £
Turnover	6,482,444	5,496,950	14,172,949
Profit before Taxation	697,541	539,529	1,821,359
Less: Taxation Provision	362,721	280,555	995,000
Profit after Taxation	£334,820	£258,974	£826,359

FOOD PRICE MOVEMENTS

	February 22 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton	1,140	1,140	1,140
British A.1 per ton	1,110	1,110	1,110
Irish Special per ton	1,110	1,110	1,110
Ulster A.1 per ton¶	1,110	1,110	1,110
BUTTER			
NZ per 20 kg	14.11/14.24	13.40/13.53	—
English per cwt†	81.65	81.65	81.65
Danish salted per cwt†	83.05/85.68	82.00/83.72	80.98/83.72
CHEESES			
NZ per tonne	1,230	1,230	—
English cheddar trade per tonne	1,455	1,455	—
EGGS*			
Home produced:			
Size 4	2.80/3.20	3.15/3.70	5.00/5.20
Size 2	3.10/3.40	3.90/4.20	5.80/6.10

	February 22 p	Week ago p	Month ago p
BEEF			
Scottish killed sides ex-KKCF	55.0/59.0	54.0/59.0	—
Eire forequarters	‡	43.0/46.0	42.0/45.0
LAMB			
English	56.0/64.0	54.0/60.0	54.0/62.0
NZ PLs/PMs	47.0/49.0	48.0/51.0	—
PORK (all weights)	36.5/45.0	35.0/45.0	35.0/45.0
POULTRY			
Broiler chickens	37.0/38.0	37.0/38.0	36.5/38.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ Unavailable. ¶ For delivery February 24-March 3.

Companies and Markets

UK COMPANY NEWS

BIDS AND DEALS

Hay's Wharf paying £1m for chemicals group

FURTHER confirmation that the **Proprietors of Hay's Wharf** is settling down to its future as an industrial group rather than a potential property developer, came yesterday with the news of a £1m purchase in the chemicals field.

The company has bought 99.98 per cent of Henry Rodger and Co., the holding company of Dexstar Chemicals which manufactures chemicals for use in industry and farming.

The price was £936,625 and included the issue of 90,500 shares in Hay's Wharf.

Hay's Wharf has been involved in the oil and chemicals industry, mainly on the distribution side, for some years now. In its last accounts this division accounted for £1.2m of total group pre-tax profits of £4.6m.

JACKSONS BOURNE END REJECTS ROSSMINSTER

Jacksons Bourne End has described the take-over offer for the group from **Rossminster Holdings** as inadequate. The offer values the fibreboard manufacturer at just over £1m.

Rossminster, the property and investment group, already controls a near 58 per cent stake in Jacksons and under the Take-over Rules has had to make a full bid worth £1 cash a share.

The Jacksons board said the bid price did not reflect adequately the value of the company. It adds that the value of its property at Bourne End is worth considerably more than its current book value.

Rossminster has clearly been attracted by the development potential of Jacksons' land bank. Jacksons says that it has been told by Rossminster's advisers that the group will not be making a higher offer.

Jackson's share price yesterday rose around 11p to 123p.

British Land shares placed

A near 6 per cent stake in **British Land**, the property development group, has been placed with about a dozen City institutions. The shares were placed by Tai Cheung Properties which acquired its holding in March 1977.

British Land's share price rose 1½p yesterday to 53p valuing the stake at around £2.37m.

Tai Cheung, a leading Hong Kong property group, had tried to place it near 4.5m British Land shares—representing a 5.7 per cent interest—in September last year but failed to negotiate a satisfactory price.

Since then British Land's share price has improved receiving a further boost earlier this month with the news that the group had made a £255,000 pre-tax profit in the half year to September 30, 1978 compared with a £2.02m loss for the same period in 1977.

ACC HAS 56.6% OF, INTEREUROPEAN

Rothschilds has bought on behalf of **Associated Communications Corporation** 250,000 shares in **Intereuropean Property Holdings**.

These, with 988,757 shares already owned and the 6,793,913 shares in respect of which irrevocable undertakings to accept ACC's offer have been received, represent 56.59 per cent.

UDT PURCHASE

UDT International Finance, export finance house in the **United Dominions Trust** group, has recently increased its holding in Hispano Ventures SA, Madrid, to 100 per cent.

It has for some years been closely associated with the company and its managing director, Mr. Ronnie de Vries, in developing the finance of international trade within the Iberian peninsula.

SAVOY STAKE

The 2.3m A ordinary shares of the **Savoy Hotel** group acquired by British and Commonwealth Shipping last week—representing 4.25 per cent of the voting rights—were sold by Park Lane Hotel.

Thorn share sale raises £5m

A parcel of 1.5m **Thorn Electrical** shares, formerly owned by Sir Jules Thorn and related family and charitable trusts, has been placed by stockbrokers, Rowe and Pitman, with some 30 institutions.

Sir Jules retired from the board in 1976 and became honorary president. The shares were placed at just over 340p raising around £5.1m.

At the end of June last year his personal interest in the company, including shares held by family and charitable trusts for which is the first named trustee, totalled just over 7m shares, roughly 5.2 per cent of the stock.

A sale in the second half of last year reduced the stake to less than 5 per cent and meant that Sir Jules was no longer a substantial shareholder. The latest sale reduces the stake further and is generally thought to be part of a diversification of interests by the trusts.

MONTAGU TRUST

Following the merger of Sedgwick Forbes Holdings and Bland Payne Holdings, **Montagu Trust**, a subsidiary of Midland Bank, has become a subsidiary of Sedgwick Forbes Bland Payne Group.

There are outstanding in Montague Trust, U.S.$9.37m of 9½ per cent bonds due 1985 which carry a guarantee, on a subordinated basis, from Midland Bank and against which there is a corresponding deposit held for the benefit of bondholders.

The bonds will be prematurely redeemed at 101½ per cent in accordance with their terms on October 15, 1979. The deposit will be sufficient to satisfy the amounts of principal and interest then due to bondholders.

Payment of the premium due on redemption will be made by a Midland Bank subsidiary. Formal notice of redemption to be given in due course.

BURROWS & STURGESS

Smith Keen Cutler announces that its offer made on behalf of Spa Table Water Company, a subsidiary of R. L. Jones and Co., in respect of **Burrows and Sturgess** 4.55 per cent cumulative preference £1 shares, has been accepted by holders of 96,799 shares. This represents 91.48 per cent and has been declared unconditional. The offer has been extended until further

CONSD. TEXTILE

The Foreign Investment Review Agency has approved a proposal by **Consolidated Textile Mills**, Montreal—64 per cent controlled by Carrington Viyella—to merge with **Bruck Mills** controlled by Toyobo Company, Osaka.

The amalgamation will result in a change of Consolidated's equity distribution. Toyobo will purchase newly issued common shares of Consolidated representing 23.48 per cent of the company's common shares. Carrington Viyella will then hold 49.66 per cent of the shares and the remaining 26.86 per cent will remain in public distribution.

Bruck Mills is a fully integrated textile manufacturer specialising in woven textured polyester fabrics.

Weber paying 9p final

Against the forecast of not less than 7.5p, **Weber Holdings** is recommending a final dividend of 9p per share. This gives a total of 10.75p net for 1978, compared with 10.25p the year before.

In the second half, the company—which is engaged in investment and property holding—more than made up the leeway of the first six months. It produced a profit of £59,957 (£52,567), to give a total of £113,356 for the year, against £111,101 in 1977.

After tax £53,784 (£53,576), the net profit came out at £59,572 (£57,525). The year-end carry forward is £207,165 (£197,581).

FEEDEX

Feedex shareholders have approved the Board's proposal to change the name to Feedex Agricultural Industries.

SHARE STAKES

British Printing Corporation—London and Manchester Assurance has increased its holding of 4.2 per cent "A" preference shares to 17,500 (11.66 per cent).

John James Group of Companies has increased its holding in name of Dawn Estates in 4.2 per cent cumulative preference shares to 82,710 (55.14 per cent).

Grange Trust — Courtaulds Pensions Common Investment Fund is interested in 784,000 shares (8.15 per cent) registered in name of Courtaulds (CIF) Nominees.

West Coast and Texas Regional Investment Trust — Colonial Mutual Life (Pension Annuities) holds 165,000 shares (5.5 per cent).

M L Holdings — Throgmorton Trust has disposed of 120,000 ordinary shares thereby reducing interest to 14,400 shares (0.55 per cent). The shares have been placed with a number of institutions.

Yule Catto and Co.—Kuala Lumpur Kepong BDH has increased its holding to 4,327,416 shares (26.068 per cent).

Fairview Estates—London and Manchester Assurance has reduced its holding from 9.7 per cent to 7.5 per cent by sales of 42,500 shares on February 13 and 192,500 on February 14, making holding 807,000.

Rembia Rubber Company—Kuala Lumpur Kepong Investments has sold 150,000 shares reducing interest to 116,000 (3.01 per cent).

Tor Investment Trust—Pegasus Nominees has acquired 136,000 capital shares 5.2 per cent).

Stock Conversion and Investment Trust—Kuwait Investment Office bought on February 14 50,000 shares making holding 1.59m (5.31 per cent).

Toye and Co.—J. B. Hayward and Son (Medal Specialists) has increased its holding to 337,500 shares (15.01 per cent).

Linfood Holdings: Guinness Peat Group on February 16 acquired 150,000 shares. Total interest 6,262,646 shares (18.6 per cent).

Pyramid Group (Publishers): Scottish Amicable Life Assurance Society has disposed of its holding of 150,000 shares.

Mining Supplies: Charter Consolidated has acquired 575,000 shares (5.1 per cent).

Francis Industries: W. R. C. Halpin, director, has disposed of his interest in 20,000 shares at 54½p reducing interest to 40,000 shares. Imperial Group now has an interest on 550,000 shares (7.46 per cent). Shares registered in name of I. T. C. Pension Trust.

F. Wrighton and Sons (Assd. Cos.) A. P. Wrighton now holds 581,667 shares, W. N. Wrighton 396,828 shares and H. J. Wrighton 297 057 shares.

Fitzroy Investment Co.: G. C. Thompson, chairman, has bought further 60,000 shares.

BANK RETURN

—	Wednesday February 21, 1979	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	24 678,113	+ 180,013
Special Deposits	254 930 000	— 891,945.000
Bankers Deposits	404 025 849	— 5 619 259
Reserves & other Accounts	644 347 671	+ 13 990 382
	1.342.534,633	— 883.395.864
ASSETS		
Government Securities	951,071.087	— 890,110,001
Advances & Other Accounts	211 799,352	+ 8,298 405
Premises, Equipment & Other Secs.	172,534 175	+ 9 346
Notes	6,912 387	— 1,586 903
Coin	217 632	— 4 711
	1,342,534,633	— 883,395.864
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	8,850,000,000	+ 50,000,000
In Circulation	8,843 087,613	+ 51,586,903
In Banking Department	6,912,387	— 1,586,903
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	7,541,197,130	+ 90,312,194
Other Securities	1,297.787,770	— 40 312 194
	8,850,000,000	+ 50 000.000

Allied Insulators down: dispute hits sales

ALTHOUGH THE trading surplus of **Allied Insulators** rose £1.76m to £1.83m in 1978, taxable profits fell by 13 per cent to £1.22m against £1.4m, after increased charges for depreciation and finance.

Mr. A. Lloyd, chairman, says trading profit would have been a record but for the effect of the first ever significant industrial action suffered by the company. This contributed to group sales for October and November being almost 25 per cent below budget.

Despite this disruption, he adds, second-half profits exceeded six months results as forecast, even though export margins remained under pressure from increasing costs and firmer exchange rates. At halfway, pretax profits were £605,000 (£691,000).

Stated earnings per 25p share are shown lower at 10.59p (13.96p), while a net final dividend of 2.8875p (2.625p) lifts the total payment to 4.5375p (4.125p).

The chairman says borrowings have increased considerably following the acquisition of Blakey's and the continuing investment programme for production of ceramic and metal products. External finance has been arranged sufficient to fund the excess of planned capital investment over projected cash flow durig the next 18 months.

Trading results continue to justify the diversification programme and at least half of profits earned in 1979 will be generated by investment undertaken during the past six years, he says. To facilitate expansion and diversification of the company's activities, it is proposed to increase the authorised capital by £375.000 to £3.125.000.

The current year has started with the group order book at a satisfactory level, the chairman says. However, the level of profits achieved will be materially affected by the rate of interest payable on the inevitable increase in borrowings.

The directors remain confident of the long-term prospects as the company increases the base of its activities by recent and continuing investment in new plant.

During the second half, trading results improved within all divisions other than the Technical Ceramic activity. Improved results of the Low Tension division were helped by the more acceptable performance of Longton Works during the last quarter.

Profits of High Tension Products increased only slightly and the total for the year was down on 1977. Demand for metal products remained buoyant throughout the year other than for insulator and overhead line fittings.

The acquisition of Blakey's has considerably extended the range and market penetration of the company's metal products, says the chairman. This is further being consolidated by the introduction at Leeds of electric melting furnaces and capacity for additional production.

Modernisation schemes are continuing at the other metal processing factories, and capacity sufficient to generate total yearly sales of metal products approaching £15m will be available by 1981. Investment in new ceramic products has continued.

As already announced, since insulators now represent less than half of group activity, it is proposed to change the name of the company to A. I. Industrial Products.

	1978 £000	1977 £000
Sales	15,099	12,918
Trading surplus	1,830	1,709
Depreciation	424	301
Trading profit	1,406	1,428
Finance charges*	188	62
Profit before tax	1,218	1,356
Tax	196	104
Net profit	1,022	1,252
Minority losses	12	115
Extraord. debit	68	130
Leaving	966	1,302

* Net of other income. † Profits. ‡ Credit.

● comment

Excluding an estimated contribution of £100,000 from Blakey's, taxable profits at Allied Insulators are a fifth lower. This represents a sharper fall than in 1977 but there are now some hopeful signs that the decline is being checked. The big culprit last year was the technical ceramic side but action has recently been taken to strengthen management. On top of this the company has devoted much capital expenditure — about £4½m—in the last five years—to build up the foundry side. At the moment this accounts for about a third of group profits, a proportion which in the next few years is likely to increase. Against this the strong pound (which in particular affects the important high tension products) and interest rates are two factors outside Allied's controls. In the absence of much contribution from the extra spending until 1980 the current year will probably not show much improvement but the long term prospects deserve a better rating. At 57p the shares are on a p/e of just over five and a more than twice covered yield of 12.8 per cent.

Lyons loan stock proposals

J. Lyons and Co., now a wholly-owned subsidiary of Allied Breweries, is to repay two of its loan stocks and exchange two others.

It is proposed that £1.6m 6 per cent first mortgage debenture stock 1983-88 be repaid at £90 per cent; and £3.6m 8 per cent unsecured loan stock 1981 be repaid at £96 per cent.

At the same time, it is proposed that the £0.7m 6 per cent unsecured loan stock 1987-97 of Lyons and the £7.2m 8¼ per cent unsecured loan stock 1987-97 should be exchanged for 7¾ per cent unsecured loan stock 1993-98 of Allied (of which £4.6m is currently outstanding) on the following bases: for every £100 Lyons 6 per cent stock, £90 Allied 7¾ per cent stock; and for every £100 Lyons 8¼ per cent stock, £117 Allied 7¾ per cent stock.

The exchange value is given as £50½ and £66 respectively. This based on a middle market quotation of £56½ for the 7¾ per cent unsecured loan stock of Allied, and allowing for the exchange terms.

As a result of the exchange proposals, holders of 6 per cent and 8¼ per cent Lyons stocks would receive increases in gross income per annum of 16.25 per cent and 9.91 per cent respectively.

The proposals have been formulated in consultation with Samuel Montagu and Co. and formal documents are intended to be despatched to the Lyons stockholders within the next three weeks.

Income rise by Scottish Investment

Gross income of the **Scottish Investment Trust** advanced from £1,237,000 to £1,424,000 for the three months to January 31, 1979.

Income, which comprised £857,000 (£836,000) franked, and £567,000 (£401,000) unfranked, was subject to interest of £99,000 (£113,000) and £81,000 (75,000) expenses.

Net asset value is shown at 137.3p (128.1p at October 31, 1978) per 25p share.

For the previous full year, gross income reached £5.36m and pre-tax profit, £4.62m. Dividends totalling 3p net were paid.

Uniroyal to resume preferred dividends

BY JOHN WYLES IN NEW YORK

SMALL profit in the fourth quarter has enabled Uniroyal Incorporated, the troubled U.S. tyre producer, to reinstate the dividend on its preferred stock which was suspended last November.

The suspension was not a reflection of any immediate cash crisis but of the fact that the $8 annual dividend must be earned before it can be declared. The company's nine month earnings amounted to $3m, compared with $35m the year before, and were $2m short of the total necessary for payment.

However, net income in the fourth quarter of $3.1m, compared with a $200,000 loss in the previous year, brought 1978 profits up to $5.9m, as against $14.1m in 1977. Foreign exchange losses were $7m in the fourth quarter against $2.5m in 1977, and $10.8m for the year against $3.5m.

Fourth quarter sales rose 16 per cent to $728m and full-year sales 6 per cent to $2.74bn.

It appears that Uniroyal may have shared in the stronger than expected demand for replacement tyres in the fourth quarter, which has boosted earnings at Firestone and Goodyear. However, its margins appear to be very much lower and earnings from the company's strongest money maker, chemicals and plastic products, were offset by continuing heavy losses from footwear operations.

Negotiations are under way for the sale of this division, and until this is completed the company will have problems in strengthening its performance. Interest in its stock has been sparked recently by Gulf and Western's purchase of a 6.1 per cent stake, which, it is speculated, may be the prelude to a full takeover bid.

MASSEY FERGUSON RECOVERY

Still a long way to go

BY RICHARD LAMBERT, FINANCIAL EDITOR

"MASSEY-FERGUSON'S first quarter results are encouraging and strengthen the belief that we have laid the foundation for a return to profitable operation."

That is the view of Mr. Victor A. Rice, president and chief operating officer of the troubled Canadian multi-national.

The stock market seemed reasonably pleased too. The shares rose $½ to $12¼ in Toronto yesterday morning in response to the figures published Wednesday night.

But Massey-Ferguson is still a long way from generating anything like an adequate return on its assets of over U.S.$2½bn. Net income in the three months ending January 31 totalled $12.7m, compared with a deficit of $38.8m a year earlier.

Yet currency movements played a large part in that apparent improvement. This year, the figures take in a favourable exchange credit of $26m compared with an unfavourable adjustment of $20m last time.

So, the underlying improvement in trading is modest, considering the extent to which overheads were slashed during 1978. The worldwide workforce was cut by more than 9,000, more than $50m was sliced out of inventories, and capital spending fell from $147m to under $100m. Net group losses of $256.7m for the year included a $116m provision for reorganisation expenses.

The trouble is that the group is still having to face a difficult trading climate in important areas of its activities.

European sales represented two-fifths of total turnover in the first quarter—and were 3 per cent down in dollar terms. Tractor sales across Europe have weakened, continuing the trend which became apparent in 1978 after two years of strong demand. In addition, deliveries (although not production) of the UK business have been hit by the transport strike. The hope is that most of these sales will be recovered over the rest of the year.

Action on loss

One notable feature of Wednesday's figures was a rise of a full 16 per cent to $60m in construction machinery sales. This could be partly to do with a run down of stocks in North America. But there also are reports that the group is at last doing rather better in West Germany, where it acquired Hanomag, and some splitting headaches, in 1974.

The construction machinery side lost $49m last year, and took $43m of the reorganisation provisions (its total assets only amount to $260m). The group has forecast that action taken to restructure manufacturing and concentrate sales in Europe and selected export markets would reduce the operating loss significantly in 1979, and lead to a break even "or better" next year.

But the profits recovery, assuming it is under way, is unlikely to be smooth. As a result of last year's losses, the group has a high financial gearing, with term debt of $651.8m and further net borrowings of $453.8m supported by Ordinary shareholders' funds of just $444.7m.

In addition, substantial proportions of its borrowings are in foreign (non-U.S.) currencies. So its earnings pattern is highly susceptible to exchange rate and interest rate movements.

Since the stock market value of the group is not much more than $200m, Massey-Ferguson cannot look to its stockholders for a big injection of new equity. That means it either has to trade its way back to financial equilibrium—or to sell off assets.

A promise

Last year, it had to persuade some of its lenders to accept changes in earlier undertakings about minimum debt-equity ratios. It promised it would get part of the way back to its original ratios by this October, and revert completely to its former undertakings a year later.

This is unlikely to be a rigid schedule. The bankers will doubtless be willing to negotiate if Massey-Ferguson is visibly on the mend by that stage.

But it is still an open question whether the group will be able to retain its present spread of activities over the medium term. New management has wielded the knife: now what is needed is recovery in the market place.

EUROBONDS

Strong demand for Carter note issues

BY JOHN EVANS

THE U.S. Treasury's second tranche of Deutsche Mark denominated notes, the so-called Carter bonds which are designed to reinforce American foreign currency reserves, to help defend the dollar, was over-subscribed.

Applications totalled around DM 5bn, the Bundesbank said in Frankfurt. Details of the allotment of the offering, which is intended to raise some DM 2.5bn, will be given today.

Applications for the 6.3 per cent 2½ year notes totalled DM 2.7bn, while those for the 6.7 per cent 3½ year offering amounted to DM 2.3bn.

The U.S. notes offering has helped to depress domestic and international Detusche Mark issues. Foreign issues eased around ½ point, while domestic bonds fell nearly a point, bringing effective yields in line with coupons on the Carter bonds.

Meanwhile, German banks have postponed by six days the monthly meetings of the capital markets sub-committee and Deutsche Mark foreign loan sub-committee, according to bankers. This is regarded as an effective halt in the calendar for new Deutsche Mark foreign issues.

In current issues, Lufthansa has made a DM50m seven-year private placement with a 6½ per cent coupon and par issue price, the manager, Deutsche Bank, said.

Swiss franc bonds issued by foreign borrowers fell steeply yesterday, declining up to two points. Market apprehension that higher interest rates will be introduced as part of the Swiss National Bank's intention to curb the money supply lay behind the retreat.

In the dollar bond market, the $200m Dow Chemical 9¾ per cent offering was priced at 99 per cent compared with the originally indicated 99½. In unofficial trading, the issue was quoted at 97-97½. At the 97 bid price, the bonds yield 10.02 per cent. to maturity.

Elsewhere, syndicate sources said that the $100m of floating rate notes from Citicorp was selling well.

The $50m Portland General Electric bond, bearing 10 per cent, was priced at 99 per cent, according to the manager, Dean Witter International. The yield to maturity is around 10¼ per cent.

In Tokyo, securities sources report that the Japanese Finance Ministry has given approval to external bond issues by 52 Japanese corporations worth an estimated record of $1.6bn during the April-June quarter. Planned bonds comprise 40 Swiss issues, 10 Deutsche Mark and two Eurodollar bonds.

Kaiser lifts steel prices

BY STEWART FLEMING IN NEW YORK

KAISER STEEL has joined the largest steel manufacturer in the U.S., United States' Steel, in announcing a round of price increases from April. Kaiser, however, is planning to try to put into effect bigger average increases than its giant rival.

Kaiser said its proposed increases amount to an average 2 per cent price rise, when spread across its total product line, compared with the average 1.5 per cent rise U.S. Steel has cited.

U.S. Steel intends to increase prices on specified products, amounting to about one-quarter of its product line, by between 4 and 6 per cent.

Kaiser's prices will be increased for tin mill products and submerged for arc-welded pipe from April 1, and for hot bands, hot rolled sheets, and galvanised sheet metal from May 1.

Cox Broadcasting merger

ATLANTA—Cox Broadcasting, *which owns TV and radio* stations and is expanding rapidly in the cable business, has now signed a definitive agreement for merging with General Electric. The agreement, first intimated last October, has been revised to increase the value of the stock distributed if the merger closes after September 30.

If the transaction closes after September 30, Cox shareholders will receive not less than $68 nor more than $75 in GE common for each share of Cox common. Under the agreement announced last year, Cox holders would have received not less than $65 nor more than $72 of GE stock.

AP-DJ

Citibank links with broker

By Our New York Correspondent

IN AN unusual step for a major commercial bank, Citibank is joining with New York stockbrokers Bache Halsey Stuart Shields to launch a group of new open-ended investment funds.

The funds will be managed by underwriting advisers headed by Bache while Citibank will act as investment advisers.

McGraw-Hill

A McGraw-Hill shareholder group's request for an injunction to permit them to vote on the American Express offer was withdrawn in Manhattan Supreme Court, reports Reuter from New York.

GO bank buys into BRISA

BY JAMES BARTHOLOMEW

SIR JAMES GOLDSMITH, the *Anglo-French* chairman of General Occidentale, which owns the Cavenham food group, has made his first move into oil and mining.

The banking arm of Generale Occidentale, Banque Occidentale pour l'Industrie et le Commerce, has completed the purchase of $6m of series C debentures with warrants attached of Basic Resources International SA (BRISA).

Sir James and his colleague Mme Gilberte Beaux have been elected to the board of directors and executive committee. Sir *James will become chairman of* the executive committee.

Brisa, a Luxembourg-registered company quoted in Canada, controls the only oil field in Guatemala currently producing oil. It also has interests in copper and nickel.

The deal was provisionally agreed in early January, but Sir James said yesterday he had had no foresight that world oil supplies would be cut back in a matter of weeks or that the price of copper would soar. "Don't be misled into thinking I'm an oil expert," he said.

He had been approached by Brisa and sent a team to Guatemala to look the company over. He liked the look of it, and the security for the debenture was sound.

The Guatemalan oil fields are close to those of Mexico, which recently announced it had potential resources of as much as 200m barrels. Brisa is constructing a pipeline to the east coast of Guatemala, which is due to be completed in July. Production is then expected to rise to 8,500 barrels a day.

The $6m worth of debentures include warrants giving the right to subscribe to 1½m shares in Brisa at $4 per share at any time up until December 31, 1985.

If these rights are taken up, the holder will also have the right to subscribe to a further 500,000 shares at prices which depend on the date they are taken up. Banque Occidentale could, therefore, acquire 2m shares in due course.

The number of paid-up shares outstanding is 8.37m but other companies also have rights to subscribe to more shares. Brisa shares have been quoted recently at $6.

A further $1m of series D debentures of Brisa have been placed with a Spanish company, Lofa Investments Corporation, part of the Fierro group.

MEDIUM-TERM CREDITS

Brazil raises $50m on spread of 7/8%

BY OUR EUROMARKETS STAFF

BRAZILIAN BORROWERS have succeeded, yet again, in obtaining finer terms in the medium-term credit market. Nuclebras, Brazil's nuclear agency has just awarded a mandate to Westdeutsche Landesbank to raise $50m for ten years on a spread of ⅞ per cent throughout. These terms are the finest for a Brazilian borrower in the current cycle.

A similar sized loan for a Brazilian borrower with a spread below 1 per cent is understood to be in the offing.

The Mexican oil company, Pemex, meanwhile is continuing to arrange loans on a club deal basis with various banks. Chemical Bank is arranging a $80m ten-year loan with a spread over Libor of ¾ per cent throughout for Pemex, which is also understood to be arranging a $240m deal with another bank. Both deals will be underwritten by a small group of banks and not syndicated in the open market.

Nigeria is arranging a $30m eight-year loan through a group of banks led by Creditanstalt Bankverein. The borrower is paying a split spread of 1 per cent for the first four years, rising to 1⅛ per cent. These terms are identical to those obtained by Nigeria on the $750m loan it raised last autumn and the DM 750m loan just arranged with a group of German banks.

The proceeds of the latest loan are earmarked for the building of a heavy vehicles plant in Bauchi state, the contract for which was awarded to an Austrian company.

Meanwhile, Portugal's Companhia Nacional Petroquima, CNP, is aranging an eight-year $30m loan on a spread of 1⅛ per cent throughout. The loan is being managed by Banco Totta e Acores, Allied Bank International and Paribas and guaranteed by the Portuguese bank.

Reuter reports that Irco's 96 per cent-owned Indonesian subsidiary, *International Nickel* Indonesia has began discussions with lenders of its $900m Soroako nickel project, aimed in part at rescheduling principal payments.

Wallace drops Pharaon suit

DALLAS—The Sam P. Wallace company has agreed to dismiss its lawsuit against Mr. Ghaith R. Pharaon, who owns 36 per cent of Wallace and who previously said he planned to acquire control of the company.

In a statement the mechanical *contracting company added that* Mr. Carl P. Wallace had resigned as director, chairman and chief executive officer. His resignation was related to the decision to end the lawsuit.

Reuter

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published the second Monday of each month. Closing prices on February 22

U.S. DOLLAR STRAIGHTS — Issued, Bid, Offer, Change on day, week, Yield: [illegible]

OTHER STRAIGHTS — Issued, Bid, Offer, Change on day, week, Yield: [illegible]

DEUTSCHE MARK STRAIGHTS — Issued, Bid, Offer, Change on day, week, Yield: [illegible]

FLOATING RATE NOTES — Spread, Bid, Offer, C.dte, C.cpn, C.yld: [illegible]

SWISS FRANC STRAIGHTS — Issued, Bid, Offer, Change on day, week, Yield: [illegible]

YEN STRAIGHTS — Issued, Bid, Offer, Change on day, week, Yield: [illegible]

CONVERTIBLE BONDS

	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						
Seiyu Strs. 7¾ 86 DM...	9/78	1775	105¾	106¾	+0¼	−2.50
Sharp Cn. 3½ 88 DM...	2/78	487	93	94	+0¼	2.10
Stanley Elec. 3½ DM	11/78	673	90¼	91½	+0¼	15.97
Tokyo Elec. 3½ 87 DM	4/79	478	92¼	93¼	+0½	2.25
Trio-Knwd. 3½ 86 DM	11/78	711	86½	87¾	0	28.34

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M = Minimum coupon. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

New move in airline bid battle

BY OUR NEW YORK STAFF

AIR FLORIDA, one of America's smallest regional airlines, yesterday attached itself to the flock of suitors for National Airlines and sought approval to acquire four of *National's aircraft and all of* its international routes.

The application to the Civil Aeronautics Board will raise a few eyebrows within the industry, but it reflects the opportunities which even the smallest carriers see now that the industry is on the road to deregulation. In its filing, Air Florida seeks to establish its suitability by stressing its growth over the past five years, based firmly on the discount air fare principal. It says it is prepared to pay the same premium *over book value for four of* National's DC10s that is paid for the company by the eventual victor in the three sided takeover battle for National.

Air Florida's intervention appears to be based on the hope that Pan American World Airways, rather than Texas International or Eastern Airlines will win CAB approval to merge with National, and that therefore the CAB might be prepared to dispose of National's routes to Europe to another airline because PanAm is primarily an *international* carrier.

Air Florida currently owns five DC9s and two Boeing 737 aircraft. Until recently, its services were confined to Florida, but it has recently won permission to operate between New York and Miami and between Philadelphia, Washington and *Miami.*

RESULTS IN BRIEF

Sharp increase at Corroon and Black

NEW YORK — Corroon and Black, one of the top six insurance brokers in the U.S., lifted net earnings per share for the last year from $2.03 to $2.56. The company recently figured in a major upheaval in the transatlantic insurance broking scene with its announcement of a plan to pool its insurance business with Minet Holdings of the UK, a Lloyd's of London broker.

Other companies reporting advances in per share earnings for the year included the electrical wire and cable manufacturer Belden Corporation, up from $3.46 to $4.33, taps, pipes and wire maker Masco Corporation, up from $1.90 to $2.30, freight forwarder Transway International ahead from $3.95 to $4.20, the interior furnishing group Mohasco Corporation, up from $1.63 to $1.73, and machine tools manufacturer Giddings and Lewis, up from $1.72 to $3.74.

Three energy related concerns experienced mixed fortunes during the past financial year. Consolidated Natural Gas rose from $5.70 to $5.74, while Ensearch Corporation, natural gas distributor, fell from $2.66 to $1.63, and Reserve Oil and Gas dipped from $1.29 to $1.25.

For the first quarter of the current financial year, the automation systems and power equipment concern Reliance Electric Company turned in fully diluted per share earnings ahead from 77 cents to $1.03.

The pulp and paper concern Brown Company reported a turnround over the first six months of its financial year from a loss of 28 cents a share to a profit of $1.54, while for the same period U.S. Shoe Corporation moved ahead from $2.42 to $2.80.

In the first nine months period, Carlisle Corporation, which has interests in rubber, *plastics, tyres and wire,* turned in earnings per share up from $4.01 to $5.97, and for the same period the accident and health insurance company Combined Insurance Company of America advanced from $2.59 to $2.86 per share.

Agencies

E. G. and G. breaks sales and earnings records

WELLESLEY — E.G. AND G. Incorporated reported significant financial gains for the year 1978, with sales and earnings surpassing all records.

For 1978, consolidated sales rose from $375.9m. Net income rose 28 per cent to $16.7m compared with $13m a year ago, with primary earnings per share reaching $2.45, up from $1.66.

Pre-tax income was $31.2m in 1978, and $25.1m in 1977. The primary earnings per share figures give effect to a preferred dividend and are based on an average of 6.8m shares outstanding during 1978, and 7.8m outstanding for the previous year.

Agencies.

AMERICAN QUARTERLIES

BROWN-FORMAN

Third quarter	1978 $	1977 $
Revenue	123.5m	118.9m
Net profits	9.2m	8.2m
Net per share	0.72	0.65
Nine months		
Revenue	407.9m	332.5m
Net profits	30.5m	23.0m
Net per share	2.40	1.80

CAPITAL HOLDING CORPORATION

Fourth quarter	1978 $	1977 $
Net profits	19.72m	18.03m
Net per share	0.69	0.63
Year		
Net profits	76.88m	68.20m
Net per share	2.67	2.37
Fourth quarter	1978	1977

HOBART CORPORATION

Fourth quarter	1978 $	1977 $
Net profits	7.29m	6.86m
Revenue	154m	133m
Net per share	0.64	0.60
Year		
Revenue	540.7m	478.5m
Net profits	25.7m	24.7m
Net per share	2.28	2.17

KAUFMAN AND BROAD

Fourth quarter	1978 $	1977 $
Revenue	144.8m	107.8m
Net profits	7.33m	6.35m
Net per share	0.45	0.40
Year		
Revenue	484.5m	391.6m
Net profits	19.57m	15.59m
Net per share	1.19	0.95

LITTON INDUSTRIES

Second quarter	1978 $	1977 $
Revenue	1.04bn	945.8m
Net profits	38.48m	23.19m
Net per share	0.83	0.58
Six months		
Revenue	1.98bn	1.85bn
Net profits	65.08m	43.22m
Net per share	1.68	1.07

NLT CORPORATION

Fourth quarter	1978 $	1977 $
Net profits	32.0m	29.8m
Net per share	0.82	0.86
Years		
Net profits	120.2m	111.1m
Net per share	3.47	3.20

SCOTT FORESMAN

Third quarter	1978	1977
Revenue	38.9m	32.3m
Net profits	454,000	380,000
Net per share	0.04	0.03
Nine months		
Revenue	188.4m	168.4m
Net profits	28.03m	24.98m
Net per share	2.51	2.17

SHERWIN-WILLIAMS

Fourth quarter	1978 $	1977 $
Revenue	273.1m	247.1m
Net profits	6.6m	15.8m
Net per share	1.28	2.98
Year		
Revenue	1.13bn	[illegible]
Net profits	5.2m	[illegible]2m
Net per share	0.76	1.72

J. WALTER THOMPSON

Fourth quarter	1978 $	1977 $
Revenue	69.9m	61.7m
Net profits	5.54m	4.49m
Net per share	1.85	1.55
Year		
Revenue	228.7m	194.8m
Net profits	13.29m	9.75m
Net per share	4.43	3.36

TONKA CORPORATION

Fourth quarter	1978 $	1977 $
Revenue	32.0m	21.3m
Net profits†	461,000	†248,000
Net per share†	0.29	†0.16
Year		
Revenue	106m	88m
Net profits †	2.30m	393,000
Net per share †	1.47	0.25

WARD FOODS

Fourth quarter	1978 $	1977 $
Revenue	54.4m	84.1m
Net profits	1.75m	1.16m
Net per share	0.45	0.30
Year		
Revenue	323.9m	313.8m
Net profits	8.14m	7.74m
Net per share	2.29	2.03

†Loss.

WHIRLPOOL CORPORATION

Fourth quarter	1978 $	1977 $
Revenue	442.7m	423.0m
Net profits	17.13m	26.04m
Net per share	0.47	0.72
Year		
Revenue	2.08bn	1.94bn
Net profits	99.61m	1.10bn
Net per share	2.75	3.04

ITALCEMENTI

Reorganisation moves ahead

BY RUPERT CORNWELL IN ROME

THE NEXT stage of reorganisation is about to start at the Italcementi group, controlled by Sig. Carlo Pesenti, the Bergamo-based financier, and one of the largest industrial and financial empires in private hands in Italy.

Italcementi has now confirmed that it plans to offer shares in its 100 per cent controlled subsidiary, Italmobiliare, exclusively to its own shareholders. They will have the right to purchase one Italmobiliare share for every two Italcementi shares held at a price of L10,000 each.

This step, whose exact timing remains to be fixed, is in turn expected to be the forerunner of further operations to make Italmobiliare, the financial company which directly controls Sig. Pesenti's substantial banking, insurance and other industrial interests, the master company of the entire group.

The aim of the manoeuvres is to allow Sig. Pesenti to retain full control of his group, while at the same time complying with a long-standing request from the Bank of Italy to eliminate the potentially dangerous crossholdings understood to involve the Banca Provinciale Lombarda, one of the banks owned by Italmobiliare.

The rumour and speculation which have enshrouded Sig. Pesenti's exact intentions have dominated recent trading on the Milan bourse. Italcementi shares have more than doubled in the past six months to stand at almost L25,000 today.

The present position, according to Milan analysts, is that Sig. Pesenti controls Italcementi, and hence Italmobiliare and the entire group, through two small financial companies Cemital and Privital, whose main portfolio assets are a combined 37 per cent stake in Italcementi.

These shares, however, are understood to have been acquired with funds, believed to total L160bn ($190m), borrowed from Banca Provinciale Lombarda, itself controlled by Italcementi, through Italmobiliare, at a time when the Bergamo financier was fighting off an attempt by Sig. Michele Sindona to gain effective control of the group.

To raise the money required to pay back this debt, Sig. Pesenti this month completed the sale to the state-controlled Bank Monte dei Paschi di Siena of another bank within the group, Credito Commerciale, for a reported L225bn ($268m).

As a result of the distribution of Italmobiliare stock to Italcementi shareholders, who are also believed to include the Vatican, the two companies will become separate entities, though controlled by identical shareholders.

It is then expected that Sig. Pesenti will arrange for Italmobiliare to purchase the 37 per cent controlling interest in Italcementi held by Privital and Cemital, so that the former becomes the holding company for the entire group, restructured and freed from crossholdings.

In addition to Banca Provinciale Lombarda, Italmobiliare owns 99.98 per cent of Istituto Bancario Italiano (IBI), the country's eleventh largest bank with deposits of over L3,000bn ($3.6bn). The two banks together are conservatively estimated to be worth L600bn.

In addition, it has a stake of 41 per cent in RAS, Italys second biggest private insurance group, 64 per cent of Franco Tosi, an electrical engineering company which reported net 1977 sales of L150bn and a quarter share of Falck, a quoted private steel concern with turnover of Lire 300bn.

Italcementi itself mainly operates in the cement industry, and reported sales of L424bn for 1977. Preliminary results for last year indicate a sales rise of ten per cent for some products. Profits will probably be up on the L5.3bn ($6.3m) for 1978, when Italcementi paid a gross dividend of L600 per share.

Bank Hoffmann little changed

By John Wicks in Zurich

NET PROFITS of Bank Hoffman AG of Zurich amounted to SwFr 1.83m ($1.1m) last year, or almost exactly the same as the figure of SwFr 1.82m recorded for 1977. The Board is to recommend payment of an unchanged dividend totalling SwFr 1.2m, with the transfer of SwFr 100,000 to statutory reserves and SwFr 500,000 to special reserves. The bank's balance-sheet total rose during the year from SwFr 319.9m to SwFr 328.3m ($197m).

* * *

PROFITS OF Dow Banking Corporation, Zurich, improved by some 10 per cent to SwFr 11.2m ($6.7m) in 1978. The bank's assets increased by 12 per cent to SwFr 1.57bn ($940m).

Operating loss for Chemie Linz

BY PAUL LENDVAI IN VIENNA

CHEMIE LINZ, Austria's leading nationalised chemical company, suffered an operating loss last year of Sch 170m ($12.5m), against last year's loss of between Sch 15m and Sch 20m. However, this figure is not reflected in the balance sheet due to adjustments involving the transfer of written-off assets to the petrochemical subsidiary operated jointly with OEMV, the state petroleum concern.

Announcing the "absolutely unsatisfactory" results for last year, Mr. Hans Buchner, the director general, made it clear that the earnings situation this year is unlikely to improve on the performance in 1978. Although total turnover rose by 6.5 per cent to Sch 8.14bn ($600m), increased sales were unable to offset the jump in raw material prices. Furthermore, surplus capacity, which he put at some 30 per cent of current world output, also contributed to the deteriorating market situation.

Above all, Eastern Europe has become a major producer in fields ranging from fertilisers to plastics and chemicals. As a result, Chemie Linz exports to Eastern Europe fell from Sch 2bn in 1975 to Sch 1bn or a mere 18 per cent of total turnover last year.

Mr. Buchner also pointed to losses suffered as a result of the firmness of the Austrian currency. Chemie Linz has had to register foreign exchange losses amounting to some Sch 200m.

Turnover this year is expected to be up to Sch 8.5bn, but with no sign of a dampening of pressures on profit margins, he said. As part of a retrenchment, the management wants to keep raw material stocks at the lowest possible levels. In addition, production and administrative staff will be reduced from 7,500 to 7,200 by natural wastage.

The director general pointed out that the agri-chemical sector accounted for Sch 4.09bn in sales, about the same level as a year earlier. Losses on the domestic market to the tune of 5.4 per cent were offset through a 5.3 per cent increase in exports.

Mr. Buchner was dissatisfied with the results in plastics, synthetic fibres and pharmaceuticals.

No offers made in Seatroll auction

By Fay Gjester in Oslo

BANKING and ship-owning interests in Norway, France and Germany are expected to take heavy losses in connection with the bankruptcy of the Seatroll company, a Franco - Norwegian group formed to operate a giant North Sea pipe-laying and crane-lift barge of the same name. Major creditors include Deutsche Schiffahrts Bank and Christiania Bank og Kreditkasse, of Norway. Seatroll is owned 60 per cent by Norwegian shipping interests and 40 per cent by the French company ETPM.

Not a single bid was made for the vessel when it was offered for auction by the receivers at the south Norwegian town of Lyngdal this week. Seatroll, which cost about NKr 500m ($98m) to build, in 1976, is now believed to be worth only around NKr 350m. Creditors' claims on the owners are reported to amount to nearly NKr 400m.

The ship has lost money because demand for its expensive services has proved to be far less than foreseen. It was laid up all last year, following a fairly satisfactory operating year in 1977.

Seatroll is expected to be offered for auction again in about two months' time.

Enso-Gutzeit upturn

After two deficit years, Enso-Gutzeit, the Finnish forest products group, is back in the black, showing a net profit of FM 33m ($8.3m) on sales of FM 2.64bn against, a loss of FM 30m on sales of FM 2.2bn in 1977, writes Lance Keyworth in Helsinki. The trend is encouraging, but the result is not satisfactory, feels Enso, which nevertheless proposes to pay a dividend of 6 per cent for 1978.

Limburg losses likely to double at Dutch chemicals group

BY CHARLES BATCHELOR IN AMSTERDAM

DSM, the state-owned chemicals group, expects to make a net loss of Fl 260m ($130m) on its operations in Limburg, in the south east of the Netherlands, this year. This is just over double the Fl 125m loss now estimated to have been made in 1978.

Profits on its operations elsewhere in Holland and abroad will compensate for these losses, however, and the group as a whole expects to make a small profit for 1978, although there will probably be a loss this year.

DSM's problem in Limburg, where its headquarters and about one third of its world-wide operations are grouped, is that many of its older installations are based there. Much new capacity has recently been added, but this has only served to increase overcapacity. This compounds the problems of high Dutch wage and social security costs.

Because not much can be done to improve market prices or to lower material costs, DSM decided on a plan to shed 2,000 of the 13,000 employees working in its chemicals division over the next five years.

The company plans to shut down inefficient plant, including parts of the nitrogen plant at Geleen. The trade unions petitioned MPs earlier this week for DSM to carry out a reorganisation which would not involve the loss of jobs. They claimed that up to 3,000 jobs might be lost, and called for investment in new projects and the introduction of five-shift working. The company has said that no enforced redundancies will be necessary.

When DSM has carried out its five-year reorganisation plan, which is due to be completed in 1983, it will once again have a sound financial basis on which to continue, Mr. Gijs van Aardenne, the Economics Minister, told a parliamentary committee. There are no plans to give extra government aid to the company, which is 100 per cent state-owned.

Reuter adds: Vmf Stork expects a considerably lower total 1978 loss than in 1977, which it attributes to an improvement in operating results and lower provisions for reorganisation costs.

The group had a Fl 59.3m ($29.6m) operating loss and debited a further Fl 73.6m from reserves for restructuring in 1977.

In September, Vmf Stork reported a consolidated operating loss of Fl 24.9m ($12.5m) for the period January 1-June 17 inclusive, compared with Fl 27.5m loss in the 1977 period.

This loss included half of the loss of Stork Werkspoor Diesel BV, in which the Dutch Government has taken a 50 per cent stake retroactive to the start of 1978.

Passenger revenue recovers at Lufthansa

By Jonathan Carr in Bonn

LUFTHANSA, the West German airline, achieved profitability in 1978 despite a poor start in the wake of terrorist threats against the company.

A shareholders' letter does not specify the profit figure but it does state that total revenue was up by 7 per cent against 1977 to DM 4.3bn ($2.3bn).

Of that total, revenue from passenger transport was up by 9 per cent to DM 3.3bn—with a total of 12.6m people carried against 11.7m a year earlier. Freight and postal transport revenue rose only marginally.

Lufthansa makes it clear that business stagnated in the first half, but picked up very sharply in some sectors, in the second.

This trend at least partly reflects the terrorist threats in late 1977, which brought a sudden drop in passengers and a cut in the net profit figure to DM 39.7m from DM 112.3m in 1976. The setback continued into 1978, and only in May was some "lightening of the horizon" reported.

Lufthansa's investment in 1978 totalled DM 683m—of which DM 535m went directly on aircraft purchases. The main Lufthansa fleet at the end of 1978 totalled 95 aircraft, including seven A-300 Airbuses. The fleet of the Condor charter subsidiary comprised 18 Boeings.

PLM optimism on turnronnd

BY WILLIAM DULLFORCE IN STOCKHOLM

PLM, THE Swedish metal can, packaging and waste treatment group, expects to make a profit recovery this year after two years of decline. In the final report to shareholders for 1978, Mr. Ulf Laurin, the managing director, expects earnings within the SKr 50-55m bracket compared with the SKr 35.6m ($8m) declared for 1978. Sales are more cautiously forecast to reach SKr 2.2bn ($500m) on a growth of SKr 80m.

PLM's pre-tax earnings have fallen from SKr 69m in 1976 at the same time as the return on capital employed before tax has slipped from 8.6 per cent to 6.4 per cent last year. The adjusted net earnings tumbled over the same period from SKr 15 to SKr 8 a share but the board has maintained an unchanged dividend of SKr 6 a share.

Factors contributing to the weak 1978 result are the decline in retail trading within Sweden, the poor harvest in North Europe which reduced demand for consumer packaging from the foodstuffs industry and "a senseless price war" on the West German glass market.

The larger German glass manufacturers reduced some prices by more than 30 per cent in an attempt to regain lost market shares. The German glass packaging industry has no structural problems, Mr. Laurin writes and "common sense and normal business requirements" favoured a quick return to a more normal situation.

PLM Haustrup, the Danish company, and PLM PAC, the can and packaging division, again provided the bulk of the 1978 operating profit but the slimmed down waste recovery division improved profitability and managed to move into the black. The paper division continued to lose ground but after the sale of some units Mr. Laurin sees good prospects for a better return on the paper business this year.

Club Med profits rise

BY DAVID WHITE IN PARIS

CLUB MEDITERRANEE, the tourist village group which ranks among the glamour stocks on the French market, has reported higher net profits for its 1977-78 financial year, which ended on October 31, profits were FFr 71m ($16.7m) compared with FFr 61m in 1976-77.

The company proposed an increased dividend of FFr 9, including tax benefit, against FFr 7.50. This will be paid on capital increased by the one-for-six scrip issue last July.

Adjusted to take account of the share distribution, per-share earnings were up 13.4 per cent for the year at FFr 23.78 compared with FFr 20.98.

Rieter sales decline

Turnover of the Swiss textile machinery manufacturer Maschinenfabrik Rieter AG, of Winterthur, fell by 8.5 per cent last year from SwFr 329m to SwFr 310m ($181m), writes John Wicks in Zurich. From reduced net profits for 1978 of SwFr 15.9m ($9.6m) against SwFr 19.8m, the company recommends the payment of unchanged dividends of SwFr 310 gross per registered share

FT CONFERENCE: EUROMARKETS IN 1979

Case for diversification

BY MARY CAMPBELL AND TERRY BYLAND

CASE FOR DIVERSIFICATION
THE LONGER diversification of official reserve holdings is postponed, the greater will be the disruption on the way, was the conclusion of a speech by Mr. John Forsyth, economist and director of London merchant bankers, Morgan Grenfell, addressing the second day of the Financial Times Conference on Euromarkets in 1979.

Mr. Forsyth argued that while there would be a role for the Special Drawing Right (SDR), the International Monetary Fund monetary unit, and for any European Currency Unit (ECU) set up as part of the European Monetary System, the usability of these currency units would be limited.

A major problem, he said, was that the U.S. was now the only country which was prepared to facilitate the use of its currency for international reserve holdings.

Germany and other countries continued to place as many institutional barriers as possible in the way of potential investors.

The reasons were relatively easy to understand—facilitating the use of a currency by opening up domestic markets to foreign investors might be expected to increase demand for the currency and thus its value.

This would exacerbate the problems of the last 18 months.

Crucial point

A crucial point, Mr. Forsyth said, was that any rundown in the dollar's reserve role must be in favour of a number of other currencies, not just one.

By way of an afterthought, Mr. Forsyth argued that there was still some adjustment to come in relative long-term interest rates as between the dollar and the strong currencies.

This at least would temporarily hamper any moves to develop increased international use of the strong currencies through a build-up of foreign borrowing.

Mr. S. Yassukovich, managing director of European Banking Company Ltd. and chairman of yesterday's session, commented that it was impossible to predict where interest rates would be in a few years time. Views seemed equally divided as to when and if there would be a recession in the U.S.

The deterioration in Eurocurrency lending, from the point of view of the lenders, had brought about a situation not far from the difficult days of 1974, although a return to those conditions was unlikely.

In the short term, world liquidity levels seemed unlikely to change. Domestic loan demand seemed to be stabilising in the U.S. while in Europe some improvement was likely.

U.S. banks are expected to continue to be active on the international scene, which implies that Euro-liquidity will remain good. This U.S. interest is likely to continue despite growing domestic criticism of this international exposure.

The same trend is expected in Europe and the Far East, although Japanese policies are less easy to predict because international banking there tends to be bound up with official attitudes on multinational trading.

Overall, a "dramatic improvement" in Eurocurrency lending performance is probable, although recent events in Iran could present the international banks with a "strong phsychological shock."

The "Outlook in the Foreign Exchange Market" was presented by Mr. Henry Blackie, assistant director of J. Henry Schroder Wagg. He suggested that these markets are undergoing a period of change and adjustment and that a "learning process" was currently being experienced by policy-makers, investors and market operators alike.

The shift from the fixed exchange rate pattern of the 'fifties and 'sixties to the floating rates of the 'seventies meant that the market now looked for stability in foreign exchange rates rather than for rational movements.

In fact, suggested Mr. Blackie, the market has almost turned ful circle back to the belief that fixed exchange rates are no bad idea.

The decline of the dollar had sparked off the search for a new reserve asset currency, a search which might not be halted merely by restoring confidence in the dollar itself.

Mr. Samuel Brittan of the Financial Times spoke on "The Management of National Economies—does Pay Policy increase the difficulty."

The appeal of such policies had been that union wage claims were the main cause of inflation, a view easily understandable in Britain. But in the U.S. where there had been no increase in union power, the rate of inflation had none the less jumped from 1 per cent to 9 per cent.

The move to dobule-digit inflation in the UK can be generally explained in terms of the monetary expansion of the 1970s. Transmission of monetary expansion into inflationary pressure has been more direct in the UK than in the U.S. because of shifting exchange rates and the adaptation of popular price expectations to monetary change.

No alternative

The collapse of present policies, suggested the speaker, was due to accumulated rigidities, anomalies and distortions, together with the pent up pressures accumulated in three-and-a-half years.

Dr. Klaus Wieners, senior vice-president and chief executive of West Deutsche Landesbank Girocentrale, rejected possibilities of any realistic alternative to the dollar as a trading currency. He commented that the pound sterling has lost much of its significance in this context over the past decade and that while the Deutsche Mark has increased somewhat in comparative value, it still does not play a significant role in international trade.

Should monetary zones with common currencies come into existence—such as the European Community's ECU—then such units could achieve a role not only as reserve but also as trading currencies. But such possibilities are only prospects for the distant future.

Bank Markazi resumes operations

BY JOHN EVANS

ANK MARKAZI, the Iranian ntral bank, has sent a telex essage to a number of international banks this week stating at it is resuming normal bankg operations.

The brief message, from the pervisory council installed at e bank, says, "We are glad to form you, according to formation received from the evolutionary Command, we sume our normal banking usiness." U.S. and European nks received the telex earlier is week, while Japanese banks ere *informed yesterday.*

Some foreign banks believe e message is aimed at assuring them that interest payments due on loans and other transactions, suspended by the turmoil in Iran, would resume shortly. However, several London-based banks said that, since receiving the telex, no payments had been received.

The past few weeks have seen a virtual suspension of normal servicing of Iran's foreign debt. This includes one of Iran's most significant foreign loans, the $500m Eurocurrency credit extended to the Imperial Government in 1977.

Nevertheless, the tone of the latest telex contrasts with a similar communication from the council earlier this month, which caused widespread apprehension. This instructed the banks to restrict immediately transactions on the central bank's overseas accounts. It is not known whether this week's telex supersedes that original instruction.

As well as delays in servicing large loans, foreign banks are also having to grapple with the problems of suspended payments on what London bankers describe as " tens of thousands " of trade transactions.

The normal functioning of the central bank may mean that it will be able to perform the role of a referee in settling backlogs on these transactions, bankers suggest.

● In Houston, Texas Commerce Bank has filed suit against the Government of Iran, the Ministry of Roads and Bank Markazi. It is claiming that a freeze on Iranian bank funds in New York has stopped payment on bills totalling $4.4m since January 29.

The bank has obtained a restraining order blocking the removal of construction equipment ready for shipment to Iran.

Smurfit emerges as Penfold bidder

By James Forth in Sydney

JEFFERSON SMURFIT Group Ireland's largest company, *has launched a A$15.7m* (US$ 17.8m) cash bid for W.C. Penfold Holdings, the Sydney based stationery and packaging group. The bid clears up speculation on the identity of the bidder since Penfold directors announced on February 6 that takeover talks were in progress.

The Smurfit bid requires approval of the foreign Investment Review Board, but mebres of the Penfold family holding 50.2 per cent of the capital have agreed to accept the proposed offer. *If* the offer is approved, it will be conditional on the sale of Penfold's retail division to members of the Penfold family.

The family's active management in the business extends over three generations.

The Penfold family will pay A$1.63m for the retail division, which is based on an *independent valuation by* Penfold's auditors Bentley Wheeler Cartledge.

Smurfit, which specialises in printing, packaging and distributing, has net assets of £68m and has extensive operations *in Ireland, the UK and* the U.S. It already has a small presence in Australia in the Mistral company, a polymer manufacturing operation in Sydney.

Morgan Grenfell Australia has been retained as adviser to W. C. Penfold. The offer is A$7.00 cash a share, which compares with asset backing at June 30, 1978 of A$3.68 a share.

Earnings show rise of 50% at Repco

By Our Sydney Correspondent

EPCO, Australia's largest autootive parts *manufacturer,* ised its earnings almost 50 er cent in the December halfear, and the directors expect at results for the full year ill show a significant increase.

Profits for the period rose om A$7.74m to *almost* $11.6m (U.S.$13.2m), although e directors pointed out that e 1977 December half was dversely affected by a number f factors, especially a major ower strike in Victoria.

They said that the major facrs contributing to the improved result in the latest eriod were an upturn in emand in all sectors of the ompany's business, which alled for higher production olumes and increased manuacturing activity; and the nclusion for the first time of sults from the recently quired Century Batteries and, n an equity-accounted basis, mpol Repco Finance.

The interim dividend is held t 4 cents a share.

First half surge at CBA

BY OUR SYDNEY CORRESPONDENT

THE COMMERCIAL Bank of Australia scored a solid 39 per cent rise in group profits for the December half-year, but the directors have cautioned that the full year's result is unlikely to maintain the same growth rate.

Earnings for the six months rose from A$13.3m to A$18.5m (US$21m), almost wholly as a result of a 78 per cent jump in profit from banking operations, from A$5.88m to A$10.47m. Profit of the wholly-owned finance offshoot, General Credits, edged up from A$7.3m to A$7.4m, while earnings from other activities rose from A$156,000 to A$596,000. Group revenue jumped by 86 per cent, from A$148m to A$275m.

The interim dividend has been raised from 8 cents a share to 8.5 cents and is covered by earnings of 27.37 cents a share.

The directors said that the results for the latest half-year were favourably influenced by several factors, including improved interest spreads in Australian banking, reflecting the redeployment of funds previously held in statutory reserve deposits into higher yielding advances.

Other factors included higher interest recoveries of A$2.08m in respect of prior periods, continued streamlining of systems and tight cost controls, improved returns from New Zealand banking, and steady progress in the results of the non-banking subsidiaries.

The directors warned that the result for the full year could not be expected to match the growth achieved in the December half. They pointed out that compared with the results for the six months to June, 1978, the increase in the latest period was 14.9 per cent.

Toa hit by petrol price drop

BY RICHARD C. HANSON IN TOKYO

TOA NENRYO KOGYO, a leading oil refiner tied to Exxon and Mobil, received last year its first setback in sales and profit in four years, mainly due to declining petrol prices. Net profit fell 11.2 per cent to Y17.527bn ($87.6m) from Y19.736bn in 1977 while sales dropped 13.7 per cent in the January-December period to Y533,155bn ($2.66bn) from Y617,578bn.

TOA, which has about 8 per cent of Japan's refining capacity, said that petrol prices last year fell about Y5,000 to Y24,600 per kilolitre as a result of stiff competition and downward price pressure from the appreciation of the yen which reduced the price of oil imports.

This year, however, the out*look has been clouded by the* uncertainty of supplies and prices caused by the disruption of oil imports from Iran. About 13 per cent of Toa's supply comes from Iran.

The oil refining industry is planning to increase prices on products from about mid-March because of the OPEC price increases from January and additional increases as the Iranian supply dries up, prompting others to increase production.

The oil companies also are raising prices as the yen slips in value against the dollar. An exchange rate movement of one yen per dollar translates into an increase (or decrease) of about Y100 per kilolitre of refined product.

The halt in the yen's appreciation *will also put a lid* on the positive effect on profits of exchange gains this year. In 1978, Toa rolled up Y15,733bn in such profits, up slightly from Y14,505bn in 1977.

Monier raises dividend despite dip in turnover

By Our Sydney Correspondent

ONCRETE INDUSTRIES Monier), the major building oducts group, has raised its terim dividend despite a diffilt first-half in 1978-79. While e-tax earnings for the six onths to December 31 actually pped 2.5 per cent from $9.9m to A$9.6m (US$10.9m), e directors declared an 9 per cent increase in the net sult, reflecting a much lower x provision.

The net profit came out at $5.97m (US$6.7m) compared ith A$5.48m in the previous riod.

The interim dividend is raised om 4.5 cents to 5 cents a share.

Canon forecasts big increase in sales

TOKYO — Canon, the Japanese camera and business equipment concern, expects its non-consolidated after-tax profit in 1979 to rise by 7 per cent to Y8bn ($40m) from Y7.46bn last year, on estimated sales up 17 per cent, from the previous Y136.96bn.

It hopes to declare an unchanged Y7.50 per share total dividend.

Canon attributed the looked for increase largely to an expected rise in sales of still cameras and copying machines.

The company attributed the higher 1978 income and revenue chiefly to increased sales of cameras, copying machines, and electronic desk-top calculators.

Canon suffered a foreign exchange loss of Y21.7bn as a result of the yen's sharp appreciation against the U.S. dollar, but the bulk of it was offset by product price increases and measures to promote sales and reduce production costs.

Forward dollar hedging operations in the exchange market were a contributor to the larger income.

Reuter

A fairy tale of electronics

BY TIM DICKSON

GROWTH STOCKS, which have been through a lean period since the late 1960s and early 1970s, could be back in fashion.

Last May the City welcomed a small but rapidly expanding electronics company Eurotherm International to the stock market. The new issue, an offer for sale for 25 per cent of the equity at 100p per share, was 85 times oversubscribed and started trading at a premium of 46p.

Today, some nine months later the share price has almost trebled. The rating is by any standards exceptional and, in true fairy tale fashion, no less than four of the current directors are paper millionaires.

The pace in the last two months has, if any thing, quickened. Only last week the shares soared a full 16 per cent to 283p—the biggest gain by any publicly quoted company over the five day period.

Amid all this vigorous activity shareholders attending next Tuesday's annual meeting may well be wondering just what their investment is really worth.

The current price puts the company on an historic price earnings multiple of around 20, a quite exceptional rating.

And yet Eurothem, which is rapidly earnings a reputation as "the new Racal," is undoubtedly a special case. Admittedly demand has been exaggerated by a very thin market for the shares: only 25 per cent of the equity was offered for sale and in the last few months this proportion has not perceptibly changed.

Market sources, however, suggest that current buying reflects a rare unanimity, particularly among institutional investors about the company's long term prospects among institutional investors.

If past form is anything to go by, shareholders of Eurotherm can certainly rest assured. Founded only 14 years ago the profits of the company before tax have grown from £149,000 in the year to June 1973 to £2.6m in the 12 months to last October while last year turnover amounted to £17.5m, about 70 per cent of which consisted of exports.

The key to Eurotherm's success lies in its sound and sophisticated product range allied with energetic and carefully planned marketing.

To an outsider the complex electronic systems which the company turns out are in some cases mind boggling. Mostly they are designed to control or record manufacturing processes for a wide variety of industries and recently a new and more sophisticated range of instruments, based on micro processers has been developed to this end.

By contrast the original idea, at least by the standards of today's technology, was relatively simple. The four founders, who include Dr. Jack Leonard, the present managing director, Mr. James Hartnett, the chairman, Dr. Mike Somerville, the technical director, were at the time working for a U.S. company, West Instruments.

Realising the long-term potential of semi conductors in temperature control equipment and frustrated in their desire to develop their ideas, the four men decided to go it alone.

By using the most up-to-date technology and starting with just one female employee, they designed a product priced only slightly above the conventional controller but much more reliable and accurate.

New factory

Temperature controllers now account for more than half the group's annual turnover and demand is currently outstripping supply and stretching the available manufacturing facilities. To solve this problem a new 50,000 sq ft factory is being built both to replace the three small existing units and to provide additional capacity for future expansion.

Eurotherm now claims to be the market leader in this particular field and believes it has only scratched the surface overseas, yet it became obvious quite early on to those involved that temperature controllers alone could not sustain growth.

A process of diversification was therefore started in 1971 which has since led to the creation of three new companies besides Eurotherm within the group. They are Chessel, which makes chart recorders and last year contributed 25 per cent of sales; Shackleton, which manufactures a range of variable speed industrial drives; and most recently Turnbull, which actually suffered a small but expected loss last year.

The directors, however, believe there is tremendous potential for Turnbull's fully integrated measurement and control systems and expect the contribution from this quarter to increase dramatically in the next few years. Chessel reached sales of £3m in five years, much the same pattern as Eurotherm but at a quicker pace. The hope is that the rate of expansion of Shackleton and Turnbull will in turn exceed that of Chessel.

All three of the new companies were named after their first managing director and (like Eurotherm itself) they enjoy a semi-autonomous relationship with the parent holding company. Financial controls, which are exercised fairly loosely, provide the main link.

These small individual units are at the root of Eurotherm's management philosophy. Diversification has been strictly organic and has developed as new ideas have been put forward and subsequently translated into a variety of commercial applications. New products are always handled by a new management team which is given almost complete freedom to pursue its own destiny and most importantly to set up a marketing organisation while operating under the umbrella of group financial and qualitative guidelines.

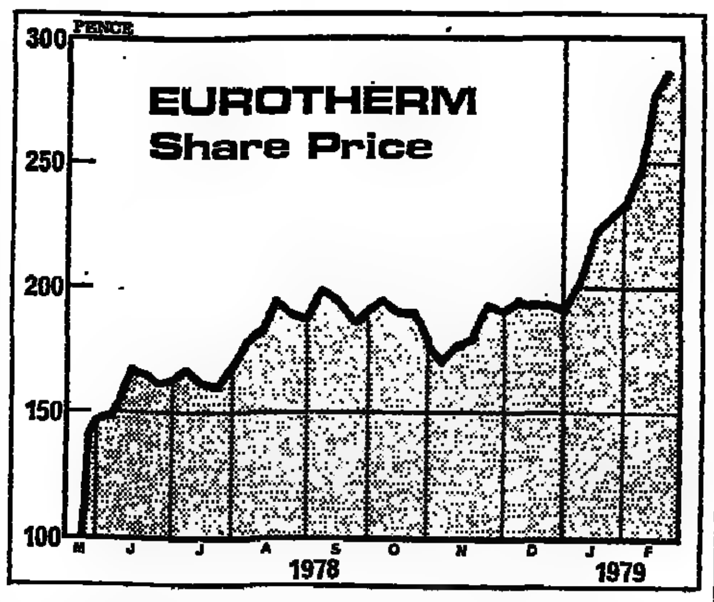
A major new product company to manufacture transducers has just been set up and output is expected to begin shortly. Transducers convert physical phenomena into electronic signals and are apparently much in demand from semi-conductor manufacturers.

Long ago the directors of Eurotherm decided that their group would only enter markets where the product was well established. For that reason, contrary perhaps to what some in the City have assumed, the company is not directly concerned with pushing back the frontiers of new technology, although breakthroughs of course may be made in the course of day to day development elsewhere.

A line in the company's annual report is revealing: "It is more important for us to be best than to be first, although in the specialist adaptations of new technology with which we are concerned we naturally hope to be first."

This approach certainly makes commercial sense. It cuts down the need for heavy spending on research and development which in many companies becomes a burden round their financial necks.

On the other hand, by entering established markets Eurotherm has clearly run into competitors far bigger than itself. Among this number are its old "benefactor" West Instruments, Phillips, and Anglicon in temperature controls, while George Kent, Honeywell and Bristol Automation are among those which manufacture systems similar to Turnbull's.



The company itself and many observers feel that Eurotherm often has the edge on its rivals and there is considerable satisfaction that several important turnkey contracts have recently been won in the face of stiff competition.

Without its marketing ability, however, Eurotherm would have never achieved such rapid growth. Like Racal, it carefully identifies the requirements of individual customers and then designs and manufactures products to suit these needs.

The sales team which performs such a function is widely spread. Overseas based representatives provide a vital backup after the system is installed as well as spearheading the export sales drive.

Financially, Eurotherm is a reasonably simple organisation. Capital requirements are kept to a minimum because production essentially involves the assembly of bought-in components.

A close check is kept, however, on stock levels—particularly in the wake of the expansion of 1973-74 which resulted in a significant liquidity problem.

Eurotherm International is without doubt a well managed company. It has a sophisticated product range and a wealth of talent to adapt existing systems for new commercial uses and develop new ideas. Its present markets, moreover, have great potential particularly overseas. The rarefied technological environment will with luck foster further products for new markets.

One potential problem, however, has to be overcome.

Eurotherm's origins are rooted in the frustrations of four bright and energetic employees of a large corporation who understandably wished to see the rewards of their own skill and initiative.

Much thought at the moment is now being devoted to ways of giving new product management teams a worthwhile stake in the commercial exploitation of their ideas.

Shares in all the existing companies except Turnbull have been distributed to this purpose. But the company is rather concerned that UK fiscal regulations inhibit the establishment of a satisfactory share incentive scheme.

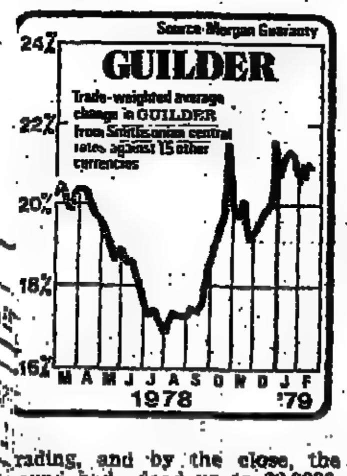
As long as Eurotherm sticks to its stated aim of keeping production in small, tightly knit units, there is not too much danger that any budding entrepreneurs will break away. It would, however, be deeply ironic if the motives which led to the establishment of such a profitable venture should ultimately jeopardise its future development.

Companies and Markets

CURRENCIES, MONEY and GOLD

Further demand for sterling

Keen interest in the latest UK Government tap issues prompted a further demand for sterling in yesterday's foreign exchange market, although on Bank of England figures, its trade weighted index showed a slight fall at the close to 63.8 from 63.9 on Wednesday. After opening at $2.0115-2.0125, its best level for the day, sterling eased slightly to trade at $2.0075. However, this was a reflection of the assistance given to the dollar by the Bank of England in early



trading, and by the close, the pound had edged up to $2.0090-2.0100, a rise of 20 points from Wednesday.

Forward sterling was also firmer mainly after comments by G. William Miller, chairman of the Federal Reserve Board, that U.S. interest rates were unlikely to decline in the near future. The sharpest movement was seen in the one-year forward rate with the dollar quoted at a premium of 3.57½c compared with 4.05c previously.

The dollar showed a weaker tendency against most currencies in only moderate trading with uncertainty continuing over the China-Vietnam conflict and the U.S. consumer price index, due today. Against the D-mark it fell to DM 1.8515 from DM 1.8565 while the Swiss franc was steady at SwFr 1.6730. The Japanese yen was also firmer at Y201.30 against Y201.90.

On Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation widened to 8.3 per cent from 8.2 per cent. On Bank of England figures, the dollar's index fell from 84.5 to 84.4.

FRANKFURT — In generally quiet conditions the dollar eased slightly at the fixing to DM1.8558, against DM1.8565 on Wednesday. There appeared to be little indication of any central bank support, although the level of trading hardly warranted any.

MILAN—Both the dollar and major European currencies were stronger against the lira in rather quiet trading yesterday. The lack of reaction to the continuing Government crisis was underlined by an absence of any major intervention by the Bank of Italy. At the fixing the U.S currency stood at L841.80 against L841.70 previously while the D-mark was also firmer at L453.84 from L453.45.

ZURICH—Trading during the early part of the day was at an extremely low level, with the dollar showing a slightly easier tendency. Against the Swiss franc it opened at SwFr 1.6690 and rose to SwFr 1.6755 before falling back to SwFr 1.6730.

AMSTERDAM—The dollar was fixed at Fl2.0025 yesterday, down from Fl2.0040 on Wednesday. In later trading it fell further to Fl1.9990.

TOKYO—The dollar retreated during the latter part of the day to finish slightly down at Y201.25, compared with Wednesday's level of Y201.85. After opening at Y202.00, the U.S. unit moved steadily firmer to touch Y202.70 in the early afternoon. However this trend was soon reversed with the Bank of Japan reportedly selling around $150m to support its currency. Trading in the spot market totalled $692m, with forward trading at $157m and swap dealings accounting for $603m.

THE POUND SPOT AND FORWARD

Feb. 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.0065-2.0125	2.0090-2.0100	0.50-0.40c pm	2.68	1.07-0.97 pm	2.03
Canada	2.3990-2.4065	2.4020-2.4030	0.60-0.50c pm	2.74	1.35-1.25 pm	2.16
Nethlnd.	4.01-4.04	4.01½-4.02½	2⅛-1⅛c pm	5.59	6⅞-5⅞ pm	5.84
Belgium	58.60-58.90	58.65-58.75	30-20c pm	5.10	80-70 pm	5.11
Denmark	10.31-10.35½	10.32-10.33	2ore pm-par	1.08	1 pm-1 dis	par
W. Ger.	3.71-3.74	3.71¾-3.72¾	3⅛-2⅛pf pm	8.40	8⅞-7⅞ pm	8.30
Portugal	94.95-95.65	95.00-95.50	30-100c dis	−8.18	20-200 dis	−4.62
Spain	138.80-139.15	139.00-139.10	25c pm-25c dis	par	30pm-70dis	−1.43
Italy	1,689-1,692	1,690-1,691	1½lire pm-½lire dis	0.24	2⅛-1⅛ pm	0.40
Norway	10.22½-10.25½	10.23-10.24	4-2ore pm	3.48	12-10 pm	4.28
France	8.57½-8.61	8.58-8.59	4½-3½c pm	5.52	11¾-10¾ pm	5.01
Sweden	8.76½-8.78½	8.76-8.77	2⅞-1½ore pm	2.84	10-8 pm	4.08
Japan	400-410	404-406	315-285y pm	8.89	925-895 pm	8.98
Austria	27.25-27.38	27.30-27.35	22-12gro pm	7.44	57-47 pm	7.60
Switz.	3.35-3.37½	3.36-3.37	3¾-2⅞c pm	11.58	11-10 pm	12.48

Belgium rate is for convertible francs. Financial franc 59.60-59.70. Six-month forward dollar 1.80-1.70c pm; 12-month 3.65-3.55c pm.

THE DOLLAR SPOT AND FORWARD

Feb. 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK	2.0065-2.0125	2.0090-2.0100	0.50-0.40c pm	2.69	1.07-0.97 pm	2.03
Ireland	2.0065-2.0125	2.0090-2.0100	0.50-0.40c pm	2.69	1.07-0.97 pm	2.03
Canada†	83.61-83.69	83.62-83.65	0.3c dis-par	−0.21	0.1dis-0.2pm	0.48
Nethlnd.	1.9985-2.0065	1.9990-2.0010	0.56-0.46c pm	3.43	1.98-1.88 pm	3.95
Belgium	29.20-29.25	29.20-29.22	7-6c pm	2.89	22-20½ pm	2.88
Denmark	5.1395-5.1525	5.1395-5.1420	0.15-0.65ore dis	−1.00	2.60-2.50dis	−1.71
W. Ger.	1.8517-1.8575	1.8508-1.8518	1.00-0.90pf pm	6.68	3.15-3.05 pm	6.65
Portugal	47.45-47.60	47.45-47.55	28-38c dis	−8.34	80-120 dis	−7.58
Spain	69.12-69.27	69.12-69.17	6-16c dis	−2.04	40-60 dis	2.83
Italy	841.25-842.30	841.25-841.75	1.05-1.35lire dis	−1.55	3.90-4.40dis	−1.84
Norway	5.0940-5.1025	5.0940-5.0950	1.00-0.60ore pm	2.02	2.40-2.00 pm	1.73
France	4.2680-4.2825	4.2680-4.2700	1.20-1.10c pm	3.39	3.17-3.02 pm	2.78
Sweden	4.3610-4.3715	4.3610-4.3620	0.85-0.65ore pm	2.08	2.55-2.35 pm	2.15
Japan	201.15-201.80	201.20-201.40	1.10-1.00y pm	7.34	3.52-3.37 pm	6.80
Austria	13.56-13.59	13.56-13.57	6.75-6.00gro pm	6.08	20-18 pm	5.47
Switz.	1.6713-1.6735	1.6715-1.6725	1.34-1.30c pm	10.20	4.40-4.35pm	10.27

† U.S. cents per Canadian $.

CURRENCY RATES

February 21	Bank rate %	Special Drawing Rights	European Unit of Account
Sterling	12½	Unavail.	0.675212
U.S. $	9½	1.28646	1.35171
Canadian $	11¼	Unavail.	1.61556
Austria Sch.	4½	„	18.3765
Belgian F.	6	„	39.5577
Danish K.	8	„	6.96333
D mark	3	„	2.50945
Guilder	6½	„	2.70615
French Fr.	9½	„	5.78803
Lira	10½	„	1137.80
Yen	3½	„	272.437
Nrwgn. K.	7	„	6.89439
Spanish Pes.	8	„	93.5925
Swedish Kr.	6½	„	5.90899
Swiss Fr.	1	„	2.26006

CURRENCY MOVEMENTS

February 22	Bank of England Index	Morgan Guaranty changes %
Sterling	63.85	−40.4
U.S. dollar	84.41	−8.3
Canadian dollar	78.61	−18.9
Austrian schilling	147.28	+19.8
Belgian franc	114.96	+15.4
Danish krone	119.07	+7.7
Deutsche Mark	180.73	+42.8
Swiss franc	195.16	+82.5
Guilder	125.11	+21.0
French franc	99.48	−6.1
Lira	54.08	−49.5
Yen	143.41	+41.9

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Feb. 22	£	$		£ Note Rates
Argentina Peso	2179-2199	1085-1094	Austria	26.75-27.75
Australia Dollar	1.7765-1.7815	0.8840-0.8865	Belgium	59-60
Brazil Cruzeiro	43.46-44.46	21.63-22.12	Denmark	10.28-10.38
Finland Markka	7.965-7.975	3.967-3.969	France	8.54-8.64
Greek Drachma	72.511-74.280	35.85-36.95	Germany	3.55-3.75
Hong Kong Dollar	9.68-9.70	4.816-4.822	Italy	1,650-1,700
Iran Rial	152.70-162.70	76-81	Japan	400-410
Kuwait Dinar (KD)	0.548-0.566	0.2715-0.2815	Netherlands	3.95-4.05
Luxembourg Frc.	58.70-58.80	29.18-29.20	Norway	10.18-10.28
Malaysia Dollar	4.4085-4.4180	2.1917-2.1980	Portugal	90-97
New Zealand Dlr.	1.9020-1.9080	0.9465-0.9495	Spain	139.50-144.50
Saudi Arab. Riyal	6.69-6.79	3.329-3.379	Switzerland	3.30 3.40
Singapore Dollar	4.3490-4.3615	2.173-2.174	United States	2.0050-2.0150
Sth. African Rand	1.6906-1.7119	0.8413-0.8520	Yugoslavia	40.5-42.5

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Feb. 22	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.010	3.723	406.0	8.585	3.365	4.020	1691.	2.403	58.70
U.S. Dollar	0.498	1.	1.852	201.9	4.272	1.675	2.000	841.3	1.196	29.21
Deutsche mark	0.269	0.540	1.	109.5	2.305	0.904	1.080	454.3	0.645	15.77
Japanese Yen 1,000	2.469	4.962	9.191	1000.	21.20	8.309	9.926	4174.	5.932	144.9
French Franc 10	1.165	2.341	4.336	471.6	10.	3.920	4.683	1969.	2.798	68.38
Swiss Franc	0.297	0.597	1.106	120.4	2.551	1.	1.195	502.4	0.714	17.44
Dutch Guilder	0.249	0.500	0.926	100.7	2.136	0.837	1.	420.5	0.598	14.60
Italian Lira 1,000	0.592	1.189	2.202	239.5	5.078	1.991	2.378	1000.	1.421	34.72
Canadian Dollar	0.416	0.836	1.549	168.6	3.573	1.401	1.673	703.6	1.	24.43
Belgian Franc 100	1.704	3.423	6.348	689.9	14.63	5.735	6.846	2880.	4.093	100.

EURO-CURRENCY INTEREST RATES

Feb. 22	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	14¼-14⅝	10⅛-10⅜	8¾-9¾	7¼-7⅝	par-⅛	3⅛-3⅜	6⅝-6⅞	7-10	—	—1⅛-5⅜
7 day's notice	13⅞-13⅜	10⅛ 10⅜	8¾ 9¾	6¼-6⅝	⅛-¼	3⅛-3⅜	6⅝-6⅞	10-11	10⅛-10⅜	2⅛-3⅜
Month	13⅛-13⅜	10¼-10⅛	10⅜-10¾	6¾-7	½-⅝	3¼-3½	7⅛-8⅛	11¼-12¾	10⅜-10½	2⅛-3⅛
Three months	13¼-13⅛	10¾-11	10⅛ 10½	6⅜-6⅞	⅛-⅜	3⅞-4	8⅛-8¼	12-13	10⅝-10¾	3⅛-4⅛
Six months	13⅛ 13⅜	11 11¼	10⅝-11	6⅜-6¾	⅜-½	4⅛ 4¼	8⅝-8⅞	13⅛-13½	11-11⅛	4⅛-4½
One year	13¼ 13⅛	10⅞-11⅛	10⅝-11	6⅞-7⅛	½-⅝	4⅜-4⅛	9-9¼	13¼-14¼	10⅞-11⅛	3⅜-4⅜

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.40-10.50 per cent; three months 10.60-10.70 per cent; six months 10.95-11.05 per cent; one year 10.95-11.05 per cent.

Long-term Eurodollar deposits: two years 10⅜-10⅝ per cent; three years 10¼-10⅝ per cent; four years 10⅜-10½ per cent; five years 10⅜-10⅝ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Milan rates easier

A slight easing in offered rates for one-month and two-month money in Milan indicated a moderate improvement in banks liquidity. Call money remained at 10½-10¾ per cent, but one-month was quoted at 11½-11¾ per cent, compared with 11½-11⅞ per cent previously, and two-month at 11½-11¾ per cent, compared with 11¾-11⅞ per cent. This reversed an earlier trend of small steady increases. Three month funds were unchanged yesterday at 11½-11¾ per cent.

PARIS—Day-to-day money eased to 6¼ per cent from 6¾ per cent, but period rates were unchanged, with one-month at 6⅜-6½ per cent; three-month at 6⅞-7⅛ per cent; six-month at 7⅛-7¼ per cent; and 12-month 7¼-7½ per cent.

NEW YORK—The Federal Reserve drained liquidity from the banking system yesterday by way of four day reverse repurchase agreements as Federal Funds eased to 9⅞ per cent from 10 per cent.

FRANKFURT — Call money was unchanged at 3.6-3.7 per cent, and one-month at 3.7-3.8 per cent. Longer period rates were firmer however, with three-month rising to 4.15-4.25 per cent from 4.1-4.2 per cent; six-month to 4.25-4.35 per cent from 4.2-4.3 per cent; and 12-month to 4.95-5.05 per cent from 4.8-4.9 per cent.

BRUSSELS — Call money rose to 5.45 per cent from 4.9 per cent. Deposit rates for the Belgian franc (commercial) showed mixed changes, with one-month easing to 7¾-8 per cent from 7⅞-8 per cent, while three-month rose to 8-8¼ per cent from 7⅞-8⅛ per cent. Six-month was quoted at 8¼-8⅝ per cent, compared with 8⅛-8⅜ per cent, and 12-month 8⅛-8⅜ per cent, compared with 8⅛-8⅜ per cent.

AMSTERDAM — Call money eased to 7½-7¾ per cent from 7¾-8 per cent. One-month rose to 8⅛-8⅜ per cent from 7¾-7⅞ per cent, but three-month fell to 7½-7¾ per cent from 7¾-7⅞ per cent, while six-month rose to 7⅝-7⅞ per cent from 7-7½.

HONG KONG — The money market was easy in the morning, but money was tight in the afternoon, with call rising to 10½ per cent from 8½ per cent on the previous day, and overnight increasing to 11½ per cent from 8 per cent.

MANILA—Money market rates were unchanged, with 30-day maturities at 12-14½ per cent; 60-day at 12½-14¾ per cent; 90-day at 12½-15 per cent; and 120-day at 12½-15 per cent.

GOLD

Record close

In very thin trading gold finished at a record closing level in the London bullion market yesterday at $253½-254, a rise of $3½. This was easily above the previous record close of $250½ on February 8, although on the same day it reached an all-time high of $254¾. The metal opened yesterday at $249¾-250½ and rose steadily through the day, with the principle feature of the market being the firm levels in New York ahead of the U.S. Treasury auction of 1.5m ounces.

In Paris the 12½ kilo bar was fixed at FFr 34,250 per kilo ($248.95 per ounce)

In Frankfurt the 12½ kilo bar was fixed at DM 15,015 per kilo ($251.15 per ounce) against DM 14,875 ($249.22) previously.

	February 22	February 21
Gold Bullion (fine ounce)		
Close	$253½-254	$250-250½
Opening	$249¾-250½	$249½-250¼
Morning fixing	$251.15 (£124.981)	$249.25 (£124.110)
Afternoon fixing	$252.35 (£125.547)	$250.75 (£124.844)
Gold Coins, domestically		
Krugerrand	$285½-289½ (£142-144)	$285-289 (£142-144)
New Sovereigns	$70¼-72¼ (£35-36)	$70¼-72¼ (£35-36)
Old Sovereigns	$74-76 (£36½-37½)	$73-75 (£36¼-37¼)
Gold Coins, internationally		
Krugerrand	$259½-261½ (£129-130)	$257½-259½ (£128½-129)
New Sovereigns	$66-68 (£32¾-33¾)	$65-67 (£32¼-33¼)
Old Sovereigns	$74-76 (£36½-37½)	$73-75 (£36¼-37¼)
$20 Eagles	$318-323	$317-322
$10 Eagles	$175-180	$174-179
$5 Eagles	$121 126	$120-125

UK MONEY MARKET

Tap stocks exaggerate shortage

Bank of England Minimum Lending Rate 14 per cent (since February 8, 1979)

Very heavy applications for Government tap stocks led to an acute shortage of day-to-day money in the London money market yesterday. There was also a very large excess of revenue payments to the Exchequer over Government disbursements, and these factors heavily outweighed a small number of net maturing Treasury bills, and a small decrease in the note circulation.

Money was almost impossible to borrow in the market, although some funds may have been picked up at 13¾-14 per cent.

The authorities gave assistance by lending an exceptionally large amount, overnight at Bank of England Minimum Lending Rate of 14 per cent, to 10 or 11 discount houses. They also bought a large number of Treasury bills from the houses and banks, and bought a small amount of local authority bills from the houses.

In the interbank market overnight loans touched 50 per cent in places.

LONDON MONEY RATES

Feb. 22 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	14½-50	—	—	—	—	13⅞-14	—	—	—
2 days notice	—	—	13¾-14⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	14¼	—	—	—	—
7 days notice	—	13½-14⅛	13¾-14⅛	—	13⅞	13¾	13-13½	—	—	—
One month	13⅛ 13¼	13⅜ 13⅞	13-13¾	13½-13¾	13⅞	13⅝	13-13¼	12½-12⅞	13½-13⅞	13⅞
Two months	13⅛-13⅛	13⅛ 13...	—	12⅞-13¼	13⅛	13⅜	12⅝-12¾	12½	13	13¾
Three months	12... 12...	12...-13⅛	13...-13¼	12¾-13⅛	13⅜	—	12⅛	12⅜-12⅝	12½-12⅞	13⅛
Six months	12...-12⅜	12⅞-12⅞	12¾	12¼-12⅝	13	—	—	—	11⅞	13
Nine months	12¼-12⅛	12⅜-12⅝	—	12-12⅜	12¾	—	—	—	—	—
One year	12⅛-11⅞	12⅛-12⅛	12⅜-12⅝	12-12⅜	12⅜	—	—	—	—	—
Two years	—	—	12⅝-12⅞	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rates, nominally three years 13 per cent; four years 13-13¼ per cent; five years 13-13¼ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12⅜-12⅝ per cent; four-month trade bills 13 per cent.

Approximate selling rates for one-month Treasury bills 12⅞ per cent; two-month 12⅝ per cent; three months ... per cent. Approximate selling rate for one-month bank bills 13⅛ per cent; two-month 12¾-12⅞ per cent; three-month 12⅞ per cent; one-month trade bills 13¾ per cent; two-month 13⅝ per cent; and three-month ... per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 12½ per cent from February 1, 1979. Clearing Bank Deposit Rates for small sums at seven days notice 10 per cent. Clearing Bank Rates for lending ... per cent. Treasury Bills: Average tender rates of discount 12.7002 per cent.

MONEY RATES

NEW YORK	
Prime Rate	11.5-11.75
Fed Funds	9.9375
Treasury Bills (13-week)	9.43
Treasury Bills (26-week)	9.52
GERMANY	
Discount Rate	3
Overnight Rate	3.65
One month	3.75
Three months	4.20
Six months	4.30
FRANCE	
Discount Rate	9.5
Overnight Rate	6.5625
One month	6.75
Three months	7
Six months	7.125
JAPAN	
Discount Rate	3.5
Call (Unconditional)	4.375
Bills Discount Rate	4.625

BUSINESS BOOKS

A salutary reminder of toxic chemical risks

BY ADRIAN DICKS

Seveso ist Ueberall: die Toedlichen Risiken der Chemie (Seveso is Everywhere) by Egmont R. Koch and Fritz Vahrenholt. Kiepenheuer und Witsch, Cologne. DM 19.80.

Flixborough—an example of the dangers that exist in the chemicals industry.

DO WE need yet another book about the environmental risks of industrial chemicals? Haven't we heard it all before?

Egmont Koch, a biochemist-turned-science writer, and Fritz Vahrenholt, a chemist on the staff of the West German Federal Environmental Office, would probably be the first to agree that their best-selling Seveso ist Ueberall (Seveso is Everywhere) brings relatively little that is entirely new to public attention. Little, that is, for those who have had the patience, the time and the degree of technical competence needed to follow the debate at all.

For the rest of us, vaguely worried about chemical pollution perhaps, yet no more so than we are about a host of other troubling events, this book is a salutary reminder. The risks posed by the production and application of thousands of toxic chemical substances have not gone away—indeed, they have almost certainly increased if the authors are correct in claiming that as many as 6,000 new compounds are produced in laboratories every week.

Target

In West Germany, nuclear power has been the main political target for environmental concern in recent years, to a point where the country has stopped all construction and could well face a serious shortage of generating capacity by the mid-1980s. The authors of this book believe the risks from a chemical disaster are greater than they would be from a nuclear power station accident. Will it take such a catastrophe to focus the minds of companies, government and ordinary people alike on "the deadly risks of the chemical industry," as this book's subtitle puts it?

Koch and Vahrenholt were commissioned by the Federal Environmental Office to analyse the background to the July 1976, disaster at Seveso in northern Italy and to pinpoint potential similar risks in West Germany. Their book, growing out of this, takes in a wider range of toxic processes than TCDD (tertachloridbenzo-p-dioxin), the deadly gas released in a plant explosion that harmed over 600 people at Seveso, as well as causing dozens of birth defects and miscarriages, and enormous damage to farm animals.

Not only would an accident in a similar chemical plant in the Cologne area, the Ruhr or the chemical complexes around Ludwigshafen probably affect a much greater number of people, the authors believe, they also list an alarming number of other plants and other chemical substances which in similar circumstances could be equally dangerous. Pesticides, fertilisers, weedkillers and more commonly used products such as wood treatments are all under strong suspicion.

The authors are often scathing about the German chemical industry, producing a wealth of well-documented evidence that points to neglect, penny-pinching and to a commonly-held belief that if outsiders (such as Government inspectors) poke their noses into the industry's own safety procedures, this is tantamount to the end of the free market economy. They compare the chemical industry's testing and security procedure unfavourably with those of both the pharmaceuticals and nuclear power industries. Not surprisingly, the West German chemical industry, whose power is ascribed by the authors to its relative freedom from inconvenient Governmental controls, has on the whole given "Seveso ist Ueberall" a less than enthusiastic welcome.

Yet the authors, while they do not disguise their own views, try hard to be fair. They give the German chemical industry credit for a relatively high degree of self-policing, and they quote extensively the views of its spokesmen on individual incidents. In the longer perspective, too, they do not seek to diminish the industry's contribution to living standards commonly taken for granted in the second half of the 20th century. Nor do they fool themselves into believing that the majority of people are willing to turn the clock back—although a public opinion poll commissioned by the West German Government in May 1977 showed 60 per cent of the population opposed to further economic growth at the cost of damaging the environment.

At bottom, however, Koch and Vahrenholt think no compromise is possible between the industry's imperative to come up with new compounds it can produce as cheaply as possible, and the public's right to protection from poisons whose effects (as in the case of PVC and a rare form of liver tumour) cannot sometimes be known for decades.

Their prescription is for stronger legislation in West Germany, which currently has little or none covering chemicals and the environment. They also call for a strengthening of the under-manned regulatory agencies which, so they report, the West German chemical giants have in the past often successfully ignored, or told them of new processes only after something has gone wrong.

This book has its faults. The authors repeat themselves too often, and are inclined to jump from plant explosions to long-term human health hazards to the ecocycle without pausing for breath. Yet on balance this is a serious, and readable, contribution to a public debate often lacking in factual foundations.

In the West German context, it is especially welcome to have argument about things in an area where both sides more often argue about personalities, thanks not only to skilful public relations but also to the people whose idea of protecting the environment is to run a pitched battle with the police outside a nuclear power station site.

Where idealism and reality diverge in labour relations

BY GEOFFREY OWEN

Managers and Work Reform, a Limited Engagement, Ivar Berg, Marcia Freedman and Michael Freedman, Collier Macmillan £10.50.

IN MUCH of the discussion about British industrial relations it is too often assumed that strikes, restrictive practices and other deficiencies in the collective bargaining system are exclusively the fault of the unions. It seems to be forgotten that strikes are at least as likely to result from genuine grievances caused by unreasonable management behaviour as from imaginary grievances created by militants or troublemakers.

Work rules, governing crew sizes or the assignment of jobs between different groups of skilled tradesmen, are the outcome of bargains freely entered into by management and worker representatives. They were established through give and take and can be changed in the same way; to expect unions to give them up unilaterally in the interests of higher profits or higher productivity is hardly realistic.

One of the themes of this book, written by three American sociologists, is that the reality of workplace relationships imposes severe limitations on idealistic attempts to improve the quality of working life and to increase job satisfaction. There is a basic conflict, the authors stress, between managers' rights to manage and workers' need for protection against the unilateral and arbitrary exercise of power over their lives.

The conflict is made bearable, but not eliminated, by "a system of arrangements, procedures and work rules that have been hammered out over time between unions and managers (and sometimes without unions), involving long lists of bargains and adjustments; these accommodations lead to job classifications and other elements of social and organisational predictability and stability in which both workers and managers have considerable investments."

The authors criticise what they call the work reform movement for its naive belief that workers will be more satisfied, less prone to unionise, and more productive if their jobs are enriched and enlarged and if they are encouraged to participate in decisions affecting their tasks, obligations and rewards. A number of experiments are described in which workers were encouraged to help plan the design and organisation of the production process in their factories. Most of them failed to "take," partly because they required too radical a transformation in the thinking and attitudes of both management and workers. The experiments that did succeed were generally in new factories employing a relatively small workforce and situated in small towns, well away from the company's other plants organised on conventional lines.

The authors are unimpressed by the development of co-determination and other forms of "industrial democracy" in Europe. They correctly point out that the class orientation and political objectives of many European unions need to be taken into account in any comparison with the U.S., but they argue that the ability of the American employee to influence the decisions which affect his life has been steadily enlarged through collective bargaining; using the well-established process of mutual accommodation managers, union leaders and workers have shown themselves capable of enlarging, enriching and restructuring work without the help either of new laws on industrial democracy or of human-relations experts.

Focuses

Although the book is based mainly on American experience, its value to European readers is that it focuses attention on the actual behaviour of managers and workers and on the factors which cause dissatisfaction. Many of these factors, of course, stem from the external environment and there is little that managers or union leaders can do about them; the authors draw particular attention to the fact that a growing number of American workers now entering the labour force are over-educated for the jobs available to them. But within the plant itself conflict arises for very familiar reasons, mainly involving management's right to give orders and the obligations of employees to obey them. This type of conflict is inherent in the work situation and it is wishful thinking to imagine that it can be made to disappear through some novel form of participative management. The only way to reconcile the interests of managers and workers is through painstaking negotiations at the workplace.

The modern 'Black Plague'

BY JASON CRISP

Executives Under Pressure, by Judi Marshall and Cary L. Cooper, Macmillan Press, £8.95.

EXECUTIVE stress is in danger of becoming something of a canard. The popular belief is that the hardworking, high-flying businessman is in a totally different league when it comes to the stress suffered by us ordinary mortals. Of course, few executives will argue—after all it is rather glamorous to be under all that pressure and the ideal excuse for a multitude of sins.

It is a belief that has been bolstered by proprietors of health farms and gymnasiums and a number of authors, all of whom have every interest in persuading the better off to pay to unwind.

In spite of the droll Dickens "Bristow" cartoon on the Cover *Executives Under Pressure* is not one more facile book on how hard pressed managers should cope with the insurmountable pressure; it is a serious academic psychological study.

There is no shortage of medical evidence that stress should be treated seriously. Coronary heart disease, which is stress-related, killed just over half the men who died between the ages of 45 and 54. And, as the authors of this book note darkly: "The implications . . . that 'stress' is the Black Plague of the twentieth century cannot be ignored."

Executives under pressure falls loosely into two parts. The first half is a review of the current state of knowledge on stress and on how it affects managers; and the second and larger part is a very systematic study of over 170 managers in a multinational company. In their thorough review of the research to date on stress, the authors find that there is in fact a lack of research on the stresses on the manager at work which is presumably why they set about their research in the first place.

But first to deal with that canard. Yes, there is evidence, say the authors, that work is a major source of stress—hardly surprising in view of the dominant role it plays in most people's lives. No, they do not claim that managers suffer more stress than other occupational groups. Although the research is complex it has been found that there are two factors most likely to cause stress in a job. One is low use of abilities and little participation, such as assembly line workers. The other is high workload, high concentration, and high responsibility typified by physicians or professors.

The results of the study are fascinating as they show how personality and ability in certain jobs can mean a manager is at risk.

Of the whole sample the manager who is most likely to show psychological stress symptoms is the one who has a "calculating" personality, who is less bright and is being overworked and does not have much autonomy. The book analyses a number of job functions and looks at the pressures which are being put on the manager and what type of personality suffers most stress under these pressures.

The authors found five themes throughout the survey which pointed towards excessive stress. Two are to do with the manager's personality, that is, those who are ambitious or anxiety prone. Three are job-related—work overload, lack of autonomy and concern about career development.

Whether any action can be taken to reduce the ill-effects of these pressures will depend as much on the norms and values prevailing in a company's culture as on the presenting problem, comment the authors.

A rich vein is tapped with the results of a number of interviews with managers and their wives which the authors have used to add some colour to the dry statistical analysis.

The question remains, though, of who takes executive health this seriously? Companies which are already conscious of the problems and inefficiencies caused by stress may already cater for these difficulties. Those which don't, unfortunately, may be unperturbed by this rather academic book.

Other recent publications

Doing Business in the United States, by Robert Starr and Robert B. Donin. Oyez Publishing, £15.

In 1960, foreign investment in the U.S. amounted to \$7bn; estimates put the current figure at \$33bn. This rapid growth in the number of organisations setting up in the U.S. has shown no signs of late abating, particularly with the dollar weakening and thus making investment in the U.S. even more attractive. The authors set out here to alert people to the potential prospects in America. Principal commercial, financial and legal issues are reviewed and some advice is offered. Various forms of business operation and how they can be financed are also outlined.

Doing Business in the United States, by Spicer and Oppenheim, accountants. Obtainable in the UK from Spicer and Pegler, chartered accountants.

THOUGH bearing the same title as the Starr and Donin book this is an entirely separate publication which sets out to list the 71 statutory and other authorities which have a say in the way a business operates in the U.S.

The Practice of Personnel Management, by David Barber. Institute of Personnel Management, £2.50.

A SECOND edition in paperback of a book that has for many years been designed to provide a practical guide to all aspects of personnel management. Chapter headings include corporate planning, organisation structure, manpower planning and development, remuneration and employee relations and services.

Basic Statistics, by Leonard J. Holman, Institute of Personnel Management, £2.50.

This attempts to explain the basic processes of statistics and their underlying theory to the non-mathematically minded.

Management, by Peter Drucker. Pan Books, £1.95.

THIS is an abridged and revised version of Drucker's Management: Tasks, Responsibilities and Practices, and it presents his personal philosophy of the subject.

Pricing, by Keith Boston. Institute of Cost and Management Accountants, £2.25.

THIS forms part of the ICMA's management accounting in inflation series and it describes the various methods of arriving at decisions on pricing policy.

International Business in the Pacific Basin, by R. Hal Mason, £13.

DEALING with certain aspects of doing business in the Pacific Basin, with special emphasis on the U.S., Japan and the developing countries of the Far East, this book is the initial effort of a recently established Centre for Pacific Basin Studies within the University of California's Graduate School of Management.

Corporate Planning in Inflationary Conditions, by D. E. Hussey, Institute of Cost and Management Accountants, £3.

ALSO part of the management accounting in inflation series, this sets out to show what planning can do and what it can not.

Organisation for Forecasting and Planning—Experience in the Soviet Union and the United States, edited by W. R. Dill and G. Kh. Popov. John Wiley and Sons, Chichester, £12.75.

THIS LOOKS at how the two countries approach the tasks of planning for economic enterprises, surveying current trends in corporate and societal planning in the U.S. and in national, regional, industry and enterprise-level planning in the USSR.

Protectionism in North-South Trade, by Fabio R. Fiallo. Scale Books, Rotterdam, Dfl24.50 or \$12.50.

A STUDY of the dynamics of protectionism and how it functions specifically in the trade relationships between developing and developed nations.

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BOOKS OF THE MONTH

Announcements below are paid-for advertisements. If you require entry in the forthcoming panels, application should be made to the Advertisement Department, Bracken House, 10 Cannon Street, EC4P 4BY. Telephone 01-248 8000, Ext. 7064.

BUSINESS BOOKS

Leasing—a phenomenon in corporate finance

BY MICHAEL LAFFERTY

Leasing, by T. M. Clark. McGraw-Hill, £12.

THE growth of leasing has been one of the most outstanding phenomena in corporate finance in recent years. In 1978 some 12 per cent of capital expenditure by UK manufacturing, distribution and certain other industries was financed by leasing, and the proportion has been increasing rapidly since the early 70s—a period when corporate investment overall has shown little change.

What is it that lies behind this extraordinary story? The answer, to a very large extent, is taxation. Unlike the situation in France where leasing finance probably accounts for more capital investment than it does in the UK, leasing did not really take off in the UK until its tax aspects became better understood. Quite simply, this means that when a finance company provides funds for the purchase of plant it becomes entitled to the capital allowances attaching thereto. This is because leasing means that the finance house — the lessor—has legal title to the goods, though another party has their use.

Accordingly, a company which does not pay tax is still able to invest in new plant by leasing it—in effect coming to a deal with a finance house which has "taxable capacity" in return for a periodic rental payment. This is the fascinating feature of leasing: on the surface it seems to be a way for banks and financial institutions to avoid paying corporation tax and is widely used for that purpose, but the other side of the coin is that it encourages capital investment which, almost certainly, would not take place otherwise.

Outstanding

Of course, leasing has many other advantages. Most important, it is still regarded and frequently promoted as a very convenient form of "off-balance-sheet finance." In other words it may be possible for a company to undertake obligations to pay regular rentals which, because the accounting system is based on legal ownership of assets, are not reflected a liabilities in the balance sheet. The most outstanding example of this is, of course, Court Line, the holiday and travel concern which collapsed in August, 1974, after publishing accounts which gave not hint of non-cancellable leasing obligations on assets costing £40m.

This is one of the areas which gives leasing a slightly tainted reputation. It is satisfying therefore to find that Tom Clark, in his book "Leasing," does not avoid the issues. Indeed, on just about all the controversial issues in leasing Mr. Clark, current chief manager of Lloyds Leasing and chairman of the Equipment Leasing Association, is not afraid to express his own views—views which are unlikely to endear him to some leasing and banking colleagues.

He is in favour of capitalisation of leased equipment in the books of the lessee; the ELA is not. He is in favour of leasing companies providing full deferred tax in their accounts; his boss at Lloyds Bank is not—and has not done so in Lloyds' recent accounts. He admits that leasing has been promoted for its off-balance-sheet advantages, but says this "purported advantage" has declined in the 70s. He admits that the promotion of leasing as off-balance-sheet and for the avoidance of capital expenditure controls between group headquarters and subsidiaries has "led to a set-back in its development as a reputable method of equipment financing."

There are many other aspects to this book. One of the most entertaining is the careful thread Mr. Clark stretches back to the dawn of leasing some 2,000 years BC. The next stop is the thirteenth century when one Bonfils Manganelli of Gaeta is said to have hired a suit of armour for the seventh crusade. After this comes the leasing of railway wagons in the mid-nineteenth century, and a few other brief stops.

Convincing

Before long we are in 1960 when officials of Mercantile Credit anounced to a bewildered City news of a venture called leasing. Even the birth of the newsletter Leasing Digest in November 1976 is recorded. However, what Mr. Clark actually succeeds in doing is convincing the reader what a new thing this leasing business is.

The book is well written and comprehensive, without being unduly complex. It does not avoid the issues, and seems likely to rank as a must in the literature on leasing for years to come.

The other world of business

BY NICHOLAS OWEN

Spooks. The Private Use of Secret Agents, by Jim Hougan. W. H. Allen, £5.95. 466 pages

WHAT IS the common denominator linking the outbreaks of corporate bribery that have tarnished American business life in the last few years? After four years of diligent digging, Jim Hougan reckons he has found the answer: many of those prominently involved had backgrounds in the murky world of intelligence.

America has two histories, he argues. One is the straightforward record of national deeds that every school child learns. The other is the covert world of spies and surveillance agents of all kinds and varying degrees of competence who have influenced the life of all Americans to their collective misfortune.

In his book journalist Hougan relates bizarre tales of political and corporate chicanery, the majority of it since the last war. Most people used to the usual day-to-day ordinariness of business life would be surprised at the exciting things that Hougan uncovers below the surface, particularly, he says, in the chemical, computer, drug and electronic fields.

Some names crop up again and again, notably that of the late reclusive billionaire, Howard Hughes. The book reports, for instance, that Hughes went to Nicaragua in 1972 to put together an international consortium to blast out with nuclear explosions a sea-level canal through the country to rival the politically less and less dependable Panama Canal.

Flopped

The $5.1bn project flopped eventually because of the disastrous Managua earthquake, but that was only after platoons of spooks had bugged and dirty tricked their way all over the place.

Hougan also retells the fantastic business of how the American authorities set out in the mid-1950s to discredit Greek shipowner Aristotle Onassis after he had tried to tie up the transport of Arab oil. Again, men in long raincoats with mean intentions and pocket cameras where there in droves.

As a nice sidelight to the affair, the book recounts how Peru, acting vaguely in concert with other anti-Onassis nations, seized some of his ships. Trouble was, their confiscation rendered Lloyd's of London liable to pay up, and Hougan, in a typically colourful passage, records that the Peruvians "backed down when confronted by a team of Etonian dragoons in pinstriped suits and lead-grey foulards." Spooks of a slightly different kind, I suppose.

For the British reader, there is precious little information of skullduggery within these shores. And surprisingly, Hougan does not touch all that much on the Middle East, where underhand behaviour to wrest contracts seems well-established.

His scorn for multinationals is very evident, and in some chapters he takes a long time to wheel the narrative back to the poor old spooks themselves, who only exist, of course, because apparently more scrupulous men need someone to do the dirty work. Hougan's book perhaps goes on rather long to prove its case; but for U.S. companies, the spooks are definitely around. IBM, for instance, is said to have spent $40m to prevent "computer penetration."

Rumbled

Spooks occasionally get killed, but life isn't always deadly serious. There is a nice story of a pair of likely lads bidden to bug the conversation of two lawyers in an adjoining Los Angeles hotel room. "Fewer things are duller." Hougan rightly observes, "than eavesdropping on the conversations of attorneys." So the men got a couple of girls in to entertain them. However, the girls insisted the men take their tape recorder headphones off. To keep track of events next door the men turned the volume up on the headphones, with the result that the bugged conversation was heard in the corridor outside. With the further result that two spooks got rumbled!

Unilever's low-profile growth

BY GEOFFREY OWEN

Unilever Oveseas, the Anatomy of a Multinational, 1895-1965, by D. K. Fieldhouse, Croom Helm, £25

SOME MULTINATIONAL companies exert a decisive influence on the host country's economy, either because they exploit its raw materials, like United Fruit in Central America, or because they dominate a key industry, like IBM in computers or General Motors in motor vehicles. These high-profile companies have tended to attract the most attention—and often abuse—from students of multinationals.

Yet the typical multinational has a less exposed position. It has a particular skill in manufacturing and selling a product and wishes to use that skill across as wide a geographical area as possible. To the extent that overseas countries cannot be supplied by exports, it will set up its own factories and become part of the local scene, manufacturing primarily for local consumption. While its foreign ownership can be a political and sometimes a commercial disadvantage, it is capable of adapting to changing regimes and changing economic circumstances.

Most of Unilever's overseas investments fall into this category and Mr. Fieldhouse has provided a very useful account of how and why these investments were undertaken and how they have performed. The bulk of the book consists of a series of studies on Unilever's manufacturing subsidiaries in several countries, including Australia, South Africa, India,

William Lever, founder of Lever Brothers: He always maintained that each overseas company should be run as a separate enterprise, arguing that only local men could properly understand the market.

Pakistan, Indonesia, Sri Lanka and Turkey. Unilever's plantation companies are also covered, but the book does not deal in detail with the large trading subsidiary, United Africa Company. The book is almost wholly based on internal Unilever documents.

Mr. Fieldhouse writes interestingly about the bargaining relationship between the government of the host country and the multinational. The Indian subsidiary, Hindustan Lever, has been one of Unilever's largest overseas investments, but as Mr. Fieldhouse remarks, "Hindustan Lever was no more essential to the Indian economy than India was to the survival of Unilever; and this means that the debate over the role of a subsidiary of a multinational whose function is to manufacture goods for local consumption in an LDC turns on whether or not marginal benefits are available to both parties."

In the case of India such benefits evidently existed. "For Unilever, India constituted a significant and reasonably profitable enlargement of its total market. For India, Unilever was a source of certain inputs whose perceived value outweighed costs such as the basic inconvenience that this was a foreign-owned enterprise."

Unilever's most valuable contribution in the LDCs has been to pioneer the local manufacture of its basic products by factory methods, on a large scale and to standards of quality new to these societies. "In some places these subsidiaries effectively created a new market and consolidated it by building for the first time an all-embracing national system of distribution through indigenous middlemen and retailers. In the process the concern trained a corpus of indigenous managers, technicians, industrial workers and traders whose value in a developing country was disproportionate to their numbers."

An important question is how far a multinational like Unilever will continue to provide these inputs, particularly new technology, if its shareholding in the subsidiary is reduced to, say, 40 per cent or less. A substantial foreign shareholding may be politically unpopular in the host country, but it provides an assurance of continued protection from the parent.

Mr. Fieldhouse says that in one sense a multinational is a mutual insurance group in which the profits and losses of different parts can balance out and there is a guarantee of product quality, technical progress and so on; no Unilever subsidiary has ever gone bankrupt, although several might have done so in the 1930s if they had been independent. For the host country effectively to withdraw a company from this insurance group, by insisting on total local ownership, carries considerable economic risks.

A catalogue of disasters

The Carpetmakers by Roger Jones and Chris Lakin McGraw-Hill, £4.95

BRITISH MANAGEMENT is often accused of being ineffectual and no match for its German and American counterparts, and the authors of this fictionalised, though genuine, account of a year in the life of a carpet company do nothing to dispel such a view.

The book is really rather depressing: could any group of managers be so unbelievably inept, one asks oneself. It is a tale of total lack of communication, of petty power struggles, blindness to the realities of business life and blind faith in management systems which theoretically should work but which in this case proved to be enormously counter-productive.

One puts the book down hoping that Jones and Lakin, in writing a text in a case study style so beloved by business schools, have exaggerated their story in order to make a greater impact. But the chances are that they have not, and one can therefore only hope that lessons have been learned and that the wrongs have been rectified.

Nicholas Leslie

Wall St. fall partly recouped by mid-session

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FRESH WORRIES about the China-Vietnam conflict and spreading shortages of oil because of Iranian unrest caused Wall Street to weaken at the outset yesterday, but the market was well above the worst at mid-session following another moderate business.

The Dow Jones Industrial Average, after retreating to 828.92 at 11.00 am, recovered to 833.07 at 1 p.m., for a net loss of only 1.48. The NYSE All Common Index was 15 cents down on balance at $55.43, after touching $55.27, while declines outnumbered rises at mid-session by a two-to-one margin. Turnover amounted to 18.44m shares, slightly exceeding Wednesday's 1 p.m. level of 17.80m.

Closing prices and market reports were not available for this edition.

Analysts said concern about inflation and interest rates were also a negative. The January Consumer Price Index is due today and analysts are expecting a large increase.

Additionally, they noted that long-term bond prices have been under pressure for several weeks, indicating expectations of higher interest rates ahead. Also, the basic money supply was up sharply in last week's report and investors were waiting for this week's statement, due after yesterday's market close, to see whether there was a further expansion.

Energy stocks, which have been strong of late, came under pressure. Active **Exxon** lost ⅜ to $50⅞. A block of 70,000 shares were traded at $50¾. **Mobil** shed ½ to $72⅛ and **Mapco** ⅝ to $29⅞. **Murphy** Oil eased ½ to $43¼. A block of 200,000 shares changed hands at $43¼.

Active **Pepsico** and **Tymshare** both reported improved fourth-quarter profits, but **Tymshare** reacted 1⅛ to $32⅞ and **Pepsico** ⅜ to $24¼.

Du Pont slipped ½ to $133½ ex a $1.50 per share dividend. **American Telephone**, which raised its dividend on Wednesday, declined ⅞ to $62¾. **IBM** receded 1⅛ to $304¼, **Teledyne** ½ to $114 and **Boeing** ⅜ to $65¾.

Gaming shares advanced. **Caesars World** rose $2 to $37⅜, **Bally Manufacturing** 1⅛ to $58⅜, **Harrah's** ⅜ to $22½ and **Playboy** ⅜ to $17⅞. New Jersey has rested its case in Atlantic City hearings on a request by Resorts International for a permanent gaming license. On the American SE, volume leader **Resorts "A"** jumped 3¾ to $41⅞.

THE AMERICAN SE Market Value Index, after reacting to 162.91, picked up to 163.41 at 1 pm for a net improvement of 0.07. Volume 2.02m shares (1.63m).

Sam P. Wallace lost ½ to $9⅝. It has dropped efforts to block Saudi businessman Ghaith Pharaon from acquiring control of Wallace.

Canada

Mixed movements were recorded on Canadian markets at mid-day yesterday after further active trading, with sentiment somewhat dampened by the decline in New York shares.

The Toronto Composite Index slipped back 1.9 to 1,397.2 at noon, while Metals and Minerals receded 4.8 to 1,282.6 and Oils and Gas 14.5 to 1,991.2, but Golds advanced 8.5 to 1,625.5.

Massey-Ferguson gained ⅛ to $12½ on a first-quarter profit, while **Leon's Furniture** rose ⅛ to $14¼ on higher fourth-quarter net earnings.

Tokyo

After the recent easier showing, stocks were firmer for choice yesterday although trading was very slow. The Nikkei-Dow Jones Average gained 8.46 to close at 6,105.83 and the Tokyo SE index hardened 0.47 to 451.62. Volume came to 190m shares (220m).

Export-orientated Electricals, Cameras and some Vehicles advanced following only a brief improvement in the dollar against the yen, **Sony** rose Y100 to Y1,740, **TDK Electronics** Y120 to Y1,890, **Toyota Motor** Y7 to Y865 and **Nissan Motors** Y13 to Y685.

Canon moved ahead Y17 to Y532 on its forecast of good earnings prospects for this year, while **Olympus** climbed Y40 to Y770 in sympathy.

Along with some other speculative issues, **Taito**, a sugar manufacturer, were purchased on news that it has succeeded in developing a new anti-cancer drug.

Recently-selected Oils, non-ferrous Metals, Machines and large capital issues, however, were mostly lower on increased profit-taking in the absence of fresh encouraging factors. **Nippon Oil** fell Y7 to Y739 **Arabian Oil** Y100 to Y2,550, **Hitachi** Y4 to Y259 and **Toho Zinc** Y10 to Y162.

Paris

Shares continued to decline in moderate trading after the session was delayed for 30 minutes due to a demonstration by striking bank employees. The Bourse Industrials index lost 1.1 to 71.5.

Brokers said investors remained apprehensive due to tension on the international front. A statement by Prime Minister Raymond Barre on Wednesday that he does not intend to change his economic policy also disappointed some market participants.

Most sectors were weaker, but some irregularity was seen among Banks, Portfolios and Rubbers.

Among the hardest hit issues were **BCT, Schneider, Olida, Bouygues, Generale de Fonderie, Thomson Brandt, Dumez, Club Mediterranee, Prenatal, Legrand, Saone, BP, Lyonnaise des Eaux** and **Applications des Gas.**

Gaining against the trend were **Bail Equipement, Cofimeg, St. Louis, Talcs de Luzenac, Vallourec, Roussel Uclaf** and **Imetal.**

Germany

Bourse prices displayed a tendency to lower levels with the Commerzbank index recording a loss of 3.6 at 794.6.

Among Motors, **BMW** shed DM 1.50, but **Daimler-Benz** contrasted with a rise of DM 2.50.

Elsewhere, **Rheinisch - Westfalisches Elektrizitatswerk** added DM 2.80, but **Degussa** receded DM 2.50 and **Metallgeselschaft** DM 3.50.

Public Authority Bonds continued to weaken, although losses were limited to 35 pfennigs after recording falls to 90 pfennigs on Wednesday. Bundesbank purchases nationwide were down to about DM 30m, about one-tenth of the previous day's level. Mark Foreign Loans eased by up to 0.5 per cent, but Iranian issues continued to regain lost ground.

Australia

Selected Mining and Industrial leaders improved in a day of generally mixed but active trading.

CRA, which announced a A$62m rights offer on a one-for-fifteen basis, rallied 5 cents to A$3.60 in a large turnover, following the previous day's decline of 7 cents. The market had feared that a much larger cash raising exercise would be made.

Ashton Mining, CRA's joint venture partner in the Ashton diamond prospect, was also actively traded but closed 2 cents easier at A$1.10 after the recent advance. There were market rumours that the companies have obtained further promising results from their diamond drilling.

Central Norseman rose A$1.30 to A$23.00 in response to higher gold prices.

Western Mining were favoured, rising 6 cents to A$2.17, but despite the latest uplift in copper prices on the London Metal Exchange, Coppers mainly eased.

Among a weak Coals sector, **Oakbridge** retreated 8 cents to A$1.47. The company is expected to turn in a poor result for the half year to December and the rumours threw the whole sector into disarray.

Oils, however, scored gains, reflecting hopes regarding the Esso/BHP oil drilling programme on the Exmouth Plateau. **BHP**, unchanged at A$10.45, failed to join in for the second day, but it appears that some traders with tax commitments are using the lively market in BHP to sell and take their profits.

Bank issues were generally well supported in spite of the liquidity restrictions imposed by the latest Statutory Reserve Deposits adjustment by the Reserve Bank.

Bank of NSW added 5 cents at A$3.55 and **CBA** 6 cents at A$2.58.

Milan

Widespread gains occurred in a fairly active session, with the continuing Government crisis failing to influence the trend.

The decision of Christian Democratic premier designate Giulio Andreotti to give up his mandate to form a new government was described as expected and unaffecting the market.

Italcementi advanced 1,890 to L26,890 following an announcement of plans to sell shares in the company's subsidiary, Italmobiliare, as part of a general reorganisation of group finances.

Snia Viscosa rose 75 to L910 and **Pirelli** 34 to L1,860.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
♦ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
♠ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. ▲ Interim since increased.

NEW YORK

Stock	Feb 21	Feb. 20
Abbott Labs	32¼	31½
AM International	18	18
Adobe Oil & Gas	20½	22½
Aetna Life & Ca.	40½	40⅝
Airproducts	26½	25⅞
Alcan Aluminium	36½	[illegible]
Alcoa	52¾	52½
Alleg. Ludlum	18½	18¾
Corning Glass	53⅝	54¼
CPC Int'rnational	51⅝	51
Crane Natl.	29½	30
Crocker	27½	27⅛
Crown Zellerb'h.	34⅜	34¼
Cummins Engine	36¼	35¼
Curtiss Wright	14⅝	14⅛
Dana	28	28¾
Dart Industries	59⅝	59⅞
Con. Edison NY	24⅝	24⅜
Consol Foods	23¾	23¾
Consol Nat. Gas	38⅞	38⅝
Consumer Power	22⅞	22⅝
ContinentalGrpo	26½	26⅞
Continental Oil	31⅝	31⅞
Continental Tele	15⅝	15¾
Control Data	32¼	32⅝
Cooper Indus	49¾	50¼
Intl. Min & Chem	41⅜	41
Intl. Multifoods	18¾	18½
Inco.	19½	19
Intl. Paper	41⅞	41¾
Intl. Rectifier	11⅜	11¼
Intl. Tel & Tel	27⅞	27⅞
Iowa Beef	42¾	42¾
IU International	11	10⅝
Jim Walter	26⅞	27⅛
Johns Manville	23⅝	23¼
Johnson Johnson	70¾	71⅝
Johnson Control	29	28¾
Joy Manufacturg	30⅝	30¾
K. Mar Corp	24	23⅞
Kaiser Alumini'm	19⅝	19¼
Kaiser Industries	2¼	2¼
Kaiser Steel	24⅞	25
Kaneb Services	15⅛	15⅝
Kay	15	15
Kennecott	24¼	24⅛
Pub. Ter. Elect.	22½	22⅝
Pullman	32½	32⅞
Purex	15½	15¾
Quaker Oats	25⅞	24⅛
Rapid American	16	16
Ratheon	46⅛	45⅝
RCA	27	26¾
Republic Steel	26⅛	26
Resorts Intl.	37⅝	37⅝
Revlon	49⅞	49⅝
Reynolds Metals	36½	35¼
Reynolds R.J.	56¾	56¾
Rich'son Merrell	23	23⅝
Rockwell Inter.	36¾	37⅛
Rohm & Haas	35½	36⅛
Royal Dutch	63⅝	63¼
RTE	10⅞	10¾
Ross Togs	10⅛	10⅛
Ryder System	22⅝	22¾
UV Industries	33¾	32⅞
Virginia Elect.	14¼	14⅛
Wagreen	26¼	26⅛
Wallace-Murray	21⅞	21⅝
Warner-Commn.	45⅛	44⅞
Warner-Lambert	23½	23⅞
Waste-Man'ment	29½	29½
Wells-Fargo	27¾	27¾
Weston Bancort	24¼	24⅛
Western N.Amer.	25⅜	25¼
Western Union	17⅜	17⅝
Westing'he Elec.	17⅞	18
Weyerhaeuser	29⅞	29⅝
Whirlpool	17⅞	17⅞
White Con. Ind	19⅞	19⅞
William Co.	17¼	18
Wisconsin Elect.	26⅛	26¼
Woolworth	20	20⅛
Wyly	4⅝	4¾
Xerox	57⅛	56⅞
Zapata	15¾	14½
Zenith Radio	15⅞	14⅛
U.S. Treas.4% '80	†95⅛	†95⅛
USTreas4¼%75/85	†78⅞	†78⅝
U.S. 90-day bills	9.36%	9.38%

CANADA

Stock	Feb 21	Feb 20
Shell Canada	17	17⅛
Sherritt G. Mines	10⅛	10⅛
Simpson	2.40	2.40
Steel of Canada	29	28⅞
Steep Rock Iron	3.80	3.80
Teck Corpn. 'B'	13⅛	12¼
Texaco Canada	51	51
Toronto Dom.Bk.	22	22
TransCanPipeLn	18⅝	18½
Trans Mount Opt	9⅝	9¾
Trizec	‡17½	‡17½
Union Gas	10⅛	10⅛
UntdSiscoe Mnes	9⅝	9⅝
Walker Hiram	42⅝	42⅜
West Coast Trans	13	12⅝
Weston (Geo.)	22¾	22¾

† Bid. ‡ Asked. § Traded. ‖ New stock.

EUROPEAN OPTIONS EXCHANGE

Series		April Vol.	April Last	July Vol.	July Last	Oct. Vol.	Oct. Last	Stock
ABN	F.350	2	15	1	16.50	—	—	F.360
ABN	F.360	28	6.50	8	13	10	14.10	"
ABN	F.380	—	—	5	4.10	6	6.80	"
AKZ	F.25	4	6.20	—	—	—	—	F.31.30
AKZ	F.30	6	2	—	—	—	—	"
AKZ	F.32.50	10	1	27	1.80	7	2.60	"
AKZ	F.35	10	0.40	—	—	—	—	"
ARB	F.78.90	8	0.70	—	—	—	—	F.76.10
ARB	F.80	—	—	6	0.80	—	—	"
GOB	F.150	—	—	—	—	11	2	F.235
HO	F.37.50	—	—	—	—	4	1.40	F.31.80
HO	F.40	—	—	30	0.50	—	—	"
IBM	$300	4	15⅝	—	—	—	—	$305½
IBM	$320	1	6⅛	—	—	—	—	"
KLM	F.100	6	8.50	2	11.50	—	—	F.106.80
KLM	F.110	4	3.20	11	6	—	—	"
KLM	F.120	3	1.10	13	3.40	—	—	"
KLM	F.130	—	—	10	1.80	10	3.70	"
PHI	F.22.50	5	1.80	5	2	—	—	F.23.40
PHI	F.25	37	0.40	33	0.90	161	1.30	"
RD	F.120	—	—	5	9.50	5	10	F.127.20
RD	F.125	6	4.50	22	5.50	12	6.20	"
RD	F.130	6	1.80	—	—	15	4	"
RD	F.135	—	—	—	—	1	2.40	"
UNI	F.130	10	0.50	—	—	5	2.50	F.123
		May		August		Nov.		
BA	$60	1	9¼	—	—	—	—	$65⅞
BA	$70	11	4⅛	—	—	—	—	"
BA	$80	1	1½	—	—	—	—	"
OXY	$15	5	4⅝	—	—	—	—	$19⅝
SLB	$100	4	5¾	1	9¼	—	—	$101½

TOTAL VOLUME IN CONTRACTS 595

BASE LENDING RATES

A.B.N. Bank	13½%	■ Hambros Bank	13½%
Allied Irish Banks Ltd.	13½%	■ Hill Samuel	§13½%
Amro Bank	13½%	C. Hoare & Co.	†13½%
American Express Bk.	13½%	Julian S. Hodge	14½%
A P Bank Ltd.	13½%	Hongkong & Shanghai	13½%
Henry Ansbacher	13½%	Industrial Bk. of Scot.	12½%
Associates Cap. Corp.	14 %	Keyser Ullmann	13½%
Banco de Bilbao	13½%	Knowsley & Co. Ltd.	14½%
Bank of Credit & Cmce.	13½%	Lloyds Bank	13½%
Bank of Cyprus	13½%	London Mercantile	13½%
Bank of N.S.W.	13½%	Edward Manson & Co.	14½%
Banque Belge Ltd.	14 %	Midland Bank	13½%
Banque du Rhone et de la Tamise S.A.	14 %	■ Samuel Montagu	13½%
Barclays Bank	13½%	■ Morgan Grenfell	13½%
Bremar Holdings Ltd.	14½%	National Westminster	13½%
Brit. Bank of Mid. East	13½%	Norwich General Trust	13½%
■ Brown Shipley	13½%	P. S. Refson & Co.	13½%
Canada Perm't Trust	13½%	Rossminster	13½%
Cayzer Ltd.	14 %	Royal Bk. Canada Tst.	13½%
Cedar Holdings	13½%	Schlesinger Limited	13½%
■ Charterhouse Japhet	13½%	E. S. Schwab	14½%
Choulartons	13½%	Security Trust Co. Ltd.	14½%
C. E. Coates	13½%	Shenley Trust	15 %
Consolidated Credits	13½%	■ Standard Chartered	13½%
Co-operative Bank	*13½%	Trade Dev. Bank	13½%
Corinthian Securities	13½%	Trustee Savings Bank	13½%
Credit Lyonnais	13½%	Twentieth Century Bk.	14½%
Duncan Lawrie	13½%	United Bank of Kuwait	13½%
The Cyprus Popular Bk.	13½%	Whiteaway Laidlaw	14 %
Eagil Trust	13½%	Williams & Glyn's	13½%
English Transcont.	13½%	Yorkshire Bank	13½%
First Nat. Fin. Corp.	14 %		
First Nat. Secs. Ltd.	14 %		
■ Antony Gibbs	13½%		
Greyhound Guaranty	13½%		
Grindlays Bank	‡13½%		
■ Guinness Mahon	13½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11%, 1-month deposits 11¼%.
† 7-day deposits on sums of £10,000 and under 11% up to £25,000 11½% and over £25,000 11¾%.
‡ Call deposits over £1,000 11%.
§ Demand deposits 11%.

Indices

NEW YORK —DOW JONES

	Feb. 21	Feb. 20	Feb. 16	Feb. 15	Feb. 14	Feb. 13	1978-79 High	1978-79 Low	Since Compil'tn High	Since Compil'tn Low
◆ Industr'ls	834.55	834.55	827.81	829.02	828.79	830.21	907.74 (8/9)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	84.80	85.04	85.10	85.29	85.21	85.20	90.88 (4/1/78)	84.03 (15/1/79)	—	—
Transport.	212.50	213.19	211.77	212.82	213.52	212.50	261.49 (8/9)	199.31 (9/1/78)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities	104.53	104.57	104.35	104.06	104.06	103.72	110.98 (5/1)	97.78 (20/12)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol 000's	28,148	21,990	21,110	22,620	27,890	28,520	—	—	—	—

◆ Day's high 841.56 low 830.91

	Feb. 16	Feb. 9	Feb. 2	Year ago (approx)
Ind. div. yield %	5.91	5.95	5.83	6.13

STANDARD AND POORS

	Feb. 21	Feb. 20	Feb. 16	Feb. 15	Feb. 14	Feb. 13	1978-79 High	1978-79 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	110.51	110.90	110.80	110.08	110.22	110.58	118.71 (12/9)	95.52 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	99.07	99.42	98.67	98.73	98.87	98.95	106.99 (12/9)	86.90 (6/3)	125.85 (11/1/65)	4.40 (1/6/32)

	Feb. 14	Feb. 7	Jan. 31	Year ago (approx)
Ind. div. yield %	5.07	5.16	4.99	5.33
Ind. P/E Ratio	8.96	8.80	9.05	8.57
Long Gov. Bond Yield	8.98	8.96	8.84	8.26

N.Y.S.E. ALL COMMON

Feb. 21	Feb. 20	Feb. 16	Feb. 15	1978-79 High	1978-79 Low
55.58	55.74	55.37	55.38	60.38 (11/9)	48.37 (6/3)

Rises and Falls

	Feb. 21	Feb. 20	Feb. 16
Issues Traded	1,865	1,849	1,772
Rises	647	872	596
Falls	763	546	608
Unchanged	455	431	468
New Highs	33	31	34
New Lows	9	12	15

MONTREAL

	Feb. 21	Feb. 20	Feb. 19	Feb. 16	1978-79 High	1978-79 Low
Industrial	236.45	235.94	232.78	232.45	236.45 (21/2/79)	162.80 (16/2)
Combined	238.58	237.87	235.28	235.16	238.58 (21/2/79)	170.82 (30/1)
TORONTO Composite	1399.1	1394.4	1393.7	1383.4	1399.1 (21/2/79)	998.2 (30/1)
JOHANNESBURG Gold	284.7	285.5	285.5	284.7	289.7 (7/2/79)	186.9 (20/4)
JOHANNESBURG Industrial	303.1	302.5	307.2	307.8	309.8 (15/2/79)	194.9 (15/5)

	Feb 22	Pre-vious	1978-9 High	1978-9 Low
Australia(¶)	584.42	583.31	588.48 (6/2/79)	411.18 (1/3)
Belgium (‖)	105.79	105.31	105.79 (22/2/79)	90.46 (23/3)
Denmark(**)	94.08	93.36	98.80 (14/3)	88.08 (30/10)
France (††)	73.5	72.6	83.0 (4/10)	47.6 (3/2)
Germany(‡‡)	794.6	798.2	883.5 (19/10)	758.4 (17/3)
Holland (§§)	80.9	81.8	93.1 (11/8)	76.0 (4/4)
Hong Kong (¶¶)	516.95	514.90	707.70 (4/9)	383.4 (13/4)
Italy (‖‖)	74.58	74.10	82.26 (25/9)	60.45 (10/1)
Japan (a)	451.62	451.15	462.97 (31/1/79)	384.04 (4/1)
Singapore(b)	349.33	353.72	414.00 (6/9)	282.0 (9/1)

	Feb. 22	Pre-vious	1978-9 High	1978-9 Low
Spain (d)	99.16	99.17	100.27 (14/2/79)	93.03 (22/1/78)
Sweden (e)	372.91	381.88	408.00 (4/8)	330.74 (4/1)
Switzerld(f)	330.7	321.8	323.7 (14/3)	281.4 (26/9)

Indices and base dates (all base values 100 except NYSE All Common—50; Standards and Poors—10; and Toronto 300—1,000; the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 29/12/78. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

WEDNESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
McDermott	284,900	20¾	—
Dia. Shamrock	249,800	21⅞	+⅛
Southern	237,800	13⅞	−⅛
UAL	236,300	25⅞	+⅛
Occidental Pet.	232,500	19⅝	—
Ashland Oil	218,900	37⅝	−⅛
Weyerhaeuser	211,800	29⅝	+⅛
Boeing	210,100	66⅛	−1⅛
Exxon	208,500	51⅛	+⅛
Enserch	208,300	18⅝	−⅛

AUSTRALIA

Feb. 22	Aust. $	+ or −
ACMIL (25 cents)	†0.70	−0.02
Acrow Australia	†1.05	
AMATIL $1	†2.27	+0.01
Ampol Exploration	†1.48	−0.01
Ampol Petroleum	†0.79	+0.02
Assoc. Minerals	†1.75	

STOCKHOLM

Feb. 22	Price Kronor	+ or −	Div. Kr.	Yld. %
AGA AB (Kr. 40)	195		6	3.1
Alfa Laval(Kr.50)	137	−1	5	3.6
ASEA(Kr.50)	76.5	−1.0	5	6.6
AtlasCo'co Kr25	106	−2	7	6.6
Billerud	61	+1	—	—
Bofors	138		4	2.9
Cardo	185	−2	5.75	3.1

GERMANY ♦

TOKYO ¶

Source Nikko Securities, Tokyo

AMSTERDAM

BRUSSELS/LUXEMBOURG

PARIS

SWITZERLAND ♠

COPENHAGEN ♣

VIENNA

MILAN

BRAZIL

Turnover Cr. 83.3m. Volume 56.9m.
Source: Rio de Janeiro SE.

OSLO

JOHANNESBURG

MINES

INDUSTRIALS

Financial Rand U.S.$0.69
(Discount of 41.5%)

SPAIN ♥

Britain gains extra cod in swap deal with Germany

BY RICHARD MOONEY

BRITAIN HAS dropped its objection to the EEC-Canada cod deal in return for an increased share of the Community's cod quota in northern Norwegian waters.

West Germany, the main beneficiary of the EEC-Canada pact, has agreed to transfer 1,000 tonnes of its 1979 cod allocation in Norwegian waters, north of latitude 60 degrees north, to the UK in exchange for 500 tonnes each of redfish and saithe from the British quotas.

At current quayside prices the extra cod are worth about £560,000, while the saithe and redfish are valued at only £275,000.

Mr. John Silkin, the UK Agriculture Minister, said yesterday the extra cod represented about 100 days of fishing for one trawler.

Mr. Silkin blocked the Canadian arrangement in Brussels on Monday in an unsuccessful attempt to get the EEC Commission to drop legal proceedings over UK unilateral fisheries conservation measures.

The Anglo-German deal was clearly a fall-back option though Mr. Silkin claimed it represented "a significant benefit to our fishermen."

The Germans will not regard the swap as too costly as the EEC-Canada deal gives their fishermen access to cod catches exceeding 10,000 tonnes in Canadian waters.

West Germany has also agreed that Britain's basic share of the Community's 32,000-tonnes northern Norwegian cod quota should remain at last year's level of 70.3 per cent. This would equal 22,496 tonnes before adding the extra 1,000 tonnes.

But UK fishermen would still suffer a severe cutback in the area. Last year the total EEC quota was about 50,000 tonnes giving a British share of a little over 35,000 tonnes.

Mr. Austen Laing, director general of the British Fishing Federation said yesterday that the UK fishing industry would welcome the Anglo-German exchange deal.

Margaret van Hattem writes: In taking Britain to court over its fisheries measures, the EEC Commission appears to regard the procedure as a test case for national rights. It is expected to make the following points:

The Mourne fisheries' case involves the right of a member state which bans fishing for a threatened stock to exempt its own fishermen in a way contrary to conservation needs, on social, economic and political grounds of which it claims to be the sole judge.

The Isle of Man case involves the right of a state to use a licensing regime to impose quotas on other states contrary to Council resolutions restricting the freedom of their fishermen to move and to sell fish legitimately caught.

The pout-box case involves the right of a state to adopt without consultation measures to benefit its own fishermen, which unnecessarily harm fishermen of other member states, pre-empting Community measures seeking to reconcile the different national interests.

Cocoa talks stall on prices

BY BRIJ KHINDARIA IN GENEVA

THE INTERNATIONAL cocoa conference is likely to be adjourned without conclusion today because of an impasse over prices.

The new International Cocoa Agreement would replace an existing pact, due to expire on September 30. This is judged by cocoa producers as being completely inadequate.

The producers, mostly developing nations, are fighting hard to obtain price levels in the new accord which in their view would be in line with the trend of actual world prices for cocoa, and would also take account of future inflation in the cost of poor country purchases *from the richer nations.*

Both these arguments have run into a stony reaction from cocoa consumer countries, which are mainly from the industrialised world.

Backed by the U.S., which is participating in the cocoa talks for the first time, the consumers have said that the minimum price guaranteed by the new arrangement should be no higher than 74 cents a kilo, compared with about 65 cents under the current accord.

The producers, arguing that the actual world price for cocoa in 1978 hovered between 122 cents and 190 cents, have said they will accept nothing less in the new arrangement than a minimum price of 186 cents.

Consumers said the maximum price maintained by the arrangement should be 111 cents, while the producers demanded 226 cents.

Mr. Anthony Hill, chairman of the cocoa conference, called an urgent meeting of the conference's executive committee yesterday evening and said he was still hopeful that the talks would come to "a successful conclusion."

● The Ghana Cocoa Marketing Board said the main crop cocoa purchases in the 20th week of the 1978-79 season, ending February 22, totalled 1,906 tonnes. This brings the cumulative total so far this season to 243,112 tonnes.

Irish farm strike threat

IRISH FARMERS, furious at the Government decision to impose a 2 per cent levy on nearly all farm produce, are *threatening a commodity* strike.

This would mean that they would refuse to send their produce to processing plants.

The levy was announced in their recent Budget as a means of increasing the tax revenue from farmers, which is widely *held to be inadequate given* the steep rise in farm incomes since EEC membership.

But the levy has been attacked even by the trade union movement as regressive *because it takes no account of* ability to pay and will effect even admittedly poor farmers.

If the strike goes ahead, milk and beef would be the most affected products, and a farmers' spokesman reckoned processing plants would have to close quite quickly.

Farmers are also refusing to grow next season's sugar beet.

First milk sales rise in 6 months

By Our Commodities Staff

SALES OF liquid milk in Britain rose last month for the first time since June last year, according to figures published by the Milk Marketing Board yesterday.

Consumption rose 0.8 per cent to 548.1m litres compared with 544m litres in January last year.

Deliveries of milk to dairies and creameries, *although* badly hit in some areas by the weather, still rose almost 2 per cent overall.

The amount used for manufacture of butter and cheese went up more than 3 per cent.

Meanwhile, the Intervention Board announced that the amount of butter held in store under arrangements at the end of 1978 was 54,000 tonnes—enough to keep the market supplied for seven weeks.

More than 30,000 tonnes were held in the official intervention stores while the balance was kept off the market in private stores.

Pig toll £1m

THE COST of compensation for pigs slaughtered in the outbreak of pig disease affecting Humberside is rapidly approaching £1m.

The Ministry of Agriculture yesterday confirmed two more outbreaks on farms in the area, bringing the total number of infections to 18 and the total of pigs killed to more than 22,000.

Average compensation for pigs killed in the attempts to control the disease is about £45 a head. But this figure does not allow for the cost of slaughter or disposal of the carcasses.

Wood bill rises

UK IMPORTS of timber and timber products rose £40m last year to £2.37bn, according to the Timber Growers' Organisation, representing private woodland owners in Britain.

"Prices this year may exceed those for 1978 and the import bill could well exceed £2.5bn," said Mr. R. Hartley, organisation president. Home-grown timber accounts for only 8 per cent of national needs.

EEC DAIRY POLICY

Milk quotas the fairest solution

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE COST of the Community's milk surplus is now about £80 for every one of the 25m cows in the Community herd.

The surplus of butter to existing demand is demonstrated by the fact that one third of the butter consumed within the Community (630,000 tonnes) was sold with the help of subsidies of different kinds in 1978. This is besides subsidised exports and a stockpile *of nearly 400,000 tonnes.* The situation is getting worse.

Everyone is aware of this and a host of suggestions exists for a cure.

Briefly these are: bribing farmers to go out of dairying; a selective correspondibility levy designed to attack the *larger farmers by reducing* prices overall as surpluses continue to rise; a price freeze on all production; action to curb the importation of cereal *substitutes and proteins such as* soya, with which the Commission believes all the surplus is being produced.

The above emanate from the Commission, and simply underline that whatever the qualities of its officials and economists, understanding farmers and their reactions to policies are not among them. Nor have they much grasp of practical matters.

Despite several expensive attempts to get farmers to give up cows, the total Community dairy herd is the same as it was 10 years or more ago. Farmers may give up milking, but then they *simply sell* their cows or their land to other farmers. Or, as I saw in Holland last week, grow forage for sale to neighbouring dairymen.

Price "freezes" and co-responsibility levies will only push farmers into higher efficiency. Increasing the costs of cereal substitutes and proteins will, of course, affect dairy farmers' margins. But it will also hammer pig and poultry farmers, without doing much to curb milk production in countries like France, Ireland and Germany where most of the milk is produced for forages.

There is talk of quotas, parti*cularly in Germany and Hol*land. This is violently objected to in Ireland and the UK where dairy farmers had been looking for expansion. In some *ways of course the latest co*-responsibility suggestion, which discriminates against the larger farmer, is a quota system.

Quotas are nothing new in agriculture. In essence they confine production at a high or guaranteed price to individual farms or farmers with a view *to maintaining market prices.*

In Britain there have been hop and potato quotas—even one for wheat before the war. The Community sugar beet industry is ruled by production quotas. Many other countries have quota schemes to control milk production.

Under a quota system a farmer is paid a fixed price for his main production, and the surplus is disposed of at a much lower level.

In a two-priced system for milk, for instance, the difference between the guaranteed and the disposal price could be very great. The world price of dairy produce is about a third of that in the Community. So any farmer who produced substantially more than his quota could find his overall returns per *litre markedly reduced.*

The alternative is a standard quantity as operated in the 1960s applied to the whole industry. This would spread any price reduction over all output which would make for a very much reduced impact on the individual, particularly one who *was expanding.*

During the early 60s in Britain, the Milk Marketing Board and the National Farmers' Union resolutely refused a quota scheme, thinking that on balance they would produce more and earn more money overall with standard quan*tities.*

The same attitude prevails today, and adds to the frustration of having to share the UK market with MCA-subsidised Continental competitors. That is the official message. But some large-scale producers in Britain take the other view.

The main objection to a quota *scheme, apart from the hostility* of Ministers of Agriculture in Council, whose sense of responsibility in these matters is almost completely absent is its administration.

There were at the last count 2m or so dairy farmers in the nine countries. Many of them very small operators indeed. Fixing their quotas on an individual farm basis would be difficult but not impossible except perhaps in Italy where even the coresponsibility levy is apparently not yet being collected.

In the UK the control of the market by the Milk Board would make it a simple matter of accountancy every month.

It would be made even simpler if the quotas were imposed on a national basis. But this at presnt is anathema to Mr. Finn Gundelach, the EEC Agriculture Commissioner, on the grounds that such a policy would be non-communautaire, and destroy the competitive *element enshrined, but not* really operative, in the Common Agricultural Policy.

On balance, an individual farm quota scheme would be much more equitable in that farmers who overproduced would suffer, while those who kept production within hounds would not. What could be fairer than that?

Bolivian tin output stagnant

BY ROBERT LINDLEY IN BUENOS AIRES

THE GRADUAL decline of Bolivia's production of tin over the past seven years is causing the Government in La Paz "profound worry."

Output in Bolivia, still the world's number two producer of the metal, after Malaysia, dropped from more than 30,000 *tons in 1971 to 29,370 tons last year.*

This might not seem to be a catastrophe, but the Ministry of Mining and Metallurgy in a report just released complains: "There is a lamentable, almost general, stagnation cuased by a lack of new excavations and of *an input of risk capital.*

"Moreover, we are confronted with irrational tax policy measures which discourage productive activity and new investments in the sector."

The Ministry report also criticises what it considers to be the ineffectiveness of the International Tin Council. "The year 1978 was one of great instability in the mineral markets notwithstanding the existence of organisms designed to avoid these fluctuations.

"*This is an important risk for* the country and it had negative influence on mining operations, impeding adequate investment planning and, discouraging new investments in the sector."

The Mining Ministry report says the same has occurred in other sectors of mining, *especially silver, lead, zinc,* wolfram, bismuth and copper. Bolivia exports these raw materials mainly to the U.S., Europe and the Soviet Union.

In Paris, Mr. Orlando Urbina, secretary of the copper producers' organisation CIPEC, said refined copper output in the Western world is likely to fall short of consumption by about 400,000 tonnes this year, a similar deficit as in 1978.

He told Reuter, output should be little changed on last year while *consumption, excluding* the U.S. could rise by about 3.5 per cent. The U.S. was excluded because of uncertainty over its growth rate.

The forecast is in line with the latest estimates drawn up by consumers and producers at a recent joint meeting.

● *The Chilean copper corpor*ation Codelco will stand by its decision last week to sack four mineworkers' leaders at the Chuquicamata mine, a spokesman said.

World sugar crop forecast increased

By Our Commodities Staff

F. O. LICHT, the independent sugar market expert has raised his estimate of the current season's world crop to 93,238,000 tonnes from his first forecast for the year of 91,858,000.

Consumption estimates are also increased and end-of-year stocks are now expected to be a record 32.3m tonnes compared with the 32m tonnes forecast in December.

Higher output in Asia and East Europe accounts for about 1m tonnes of the increase in *world production.*

Licht commented that the implementation of the new International Sugar Agreement had had only a limited impact on sugar production.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Lower on balance after a reasonably active day on the London Metal Exchange. After rising to £1,036 on the early pre-market, reflecting reports of increased fighting on the China-Vietnam border, forward metal fell away to £1,016 on the morning kerb following profit-taking which triggered stop-loss selling. In the afternoon the price moved within narrow limits with support developing around the £1,015-16 level. At the close forward metal was trading around £1,018. Turnover 24,975 tonnes.

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Wirebars				
Cash	999.5-1000	−3.75	997.5-8.5	−15.5
3 months	1020.5-1	−8	1018.5-9	−12.5
Settl'm'nt	1000	−10	—	.....
Cathodes				
Cash	990.5-1	−11.7	990-2	−12.5
3 months	1010.5-11	−9	1011-.5	−11.7
Settl'm'nt	991	−12	—	.....
U.S. Smt.	...	...	87-89	

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £1,000, 999.5, three months £1,025, 24, 22.5, 22, 23, 24, 24.5, 24, 22, 21, 20, 19, 20, 21, 22, 22.5, 23, 22, 20.5. Cathodes, cash £991, 90, 90.5, 91, three months £1,012, 11, 10.5. Kerbs: Wirebars, three months £1,019, 18, 17, 16.5, 16, 16.5, 17, 18, 17, 16.5. Cathodes, cash £991. Afternoon: Wirebars, three months £1,016, 16.5, 17, 17.5, 18, 17.5, 20, 19, 19.5, 19, 18, 18.5. Cathodes, three months £1,011. Kerb: Wirebars, three months £1,018, 17, 16, 16.5, 17, 18.

TIN—Barely changed in quiet trading. A rise in the Penang market which reflected good Japanese buying saw forward metal rise to £7,220 on the pre-market before a downturn in copper and hedge selling pared the price to £7,140 on the morning kerb. However, in the afternoon U.S. physical demand in a thin market saw forward metal move ahead to £7,200 on the late kerb. Turnover 1,255 tonnes.

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grade	£	£	£	£
Cash	7225-30	−22.5	7250-60	−20
3 months	7160-90	−15	7170-200	−2.5
Settlem't	7250	−40	—	.....
Standard				
Cash	7195-200	−27.5	7210-5	−2.75
3 months	7145-50	−16	7155-65	−2.5
Settlem't	7200	−40	—	.....
Straits E.	$1900	+28	—	.....
New York	—	.....		.....

Morning: Standard, cash £7,210, 7,200, three months £7,165, 60, 65, 60, 50, 45, 50. High Grade, cash £7,23, 20, 25. Kerb: Standard, three months £7,160, 80, 7,200.

LEAD—Moved in line with copper with forward metal easing back to £488 in the morning rings before recovering modestly to close at £489.5 on the late kerb. Borrowing of cash material caused a slight widening of the backwardation. Turnover 6,075 tonnes.

Morning: Cash £513, 12, 13, three months £492, 91, 90, 89, 88, 89, 90, 91. Kerb: Three months £490. Afternoon: Cash [illegible], three months £491, [illegible]. Kerb: Three months [illegible].

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	515.6	−3.25	517.8	+1
3 months	490.1	−6.75	492.5	−4
Sett'ment	516	−5	—	.....
U.S. Spot	—	.....	42.4	.....

ZINC—Lower in quiet trading following the downturn in other base-metals. Forward metal fell to [illegible] on the late kerb [illegible] liquidation to close on the late kerb at £414.5. Turnover 3,725 tonnes.

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −
Cash	401.5	−5.5	401.5	−5.5
3 months	415.5	−5.25	415.5-6	−5.5
S'ment	402	−5	—	.....
Prim.west	.....	.....	59-37.5	.....

Morning: Cash £402, [illegible] £415, 16, 17, 16, 15.5. Afternoon: Three months £415, 15.5, 15, 16. Kerb: Three months £416, 15, 15.5.

ALUMINIUM—[illegible] trading reflecting the fall in copper. After opening around £750 forward metal fell away to close at £743 on the late kerb. Turnover 3,125 tonnes.

Aluminium	a.m. Official	+ or −	p.m. Unofficial	+ or −
Spot	744.5	−4.5	741.5	−2.5
3 months	743.5-.5	−4.5	742.5	−5.5

Morning: Three months £743, 46, 44, 43, 44, 42, 43, 44. Afternoon: Three months £744, 43.5, 43, 42, 43. Kerb: Three months £743, 41, 41.5, 42, 43.

* Cents per pound. ‡ SM per picul. † On previous unofficial close.

SILVER

Silver was fixed 2.65p an ounce lower for spot delivery in the London bullion market yesterday at 388.20p. U.S. cent equivalents of the fixing levels were: Spot 780.1c, down 4.9c; three-month 798.9c, down 5.5c; six-month 814.4c, down 4.6c; and 12-month 838.7c, down 5.1c. The metal opened at 388½-390½p (780-782c) and closed at 391-393p (786-788c).

SILVER per troy oz.	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	388.2p	−2.65	390.25p	+9.4
3 months	399.7p	−3.25	401.65p	+8.4
6 months	408.9p	−2.5	—	.....
12 months	425.9p	−2.6	—	.....

LME—Turnover 209 (477) lots of 10,000 ozs. Morning: Three months 401, 399.5, 400.2, 399.5, 9.4, 9.5, 9.2, 9.4, 9.5, 9.6, 9.5. Kerbs: Three months 398.5, 98, 7.5, 98, 7.8, 7.5, 7.2. Afternoon: Three months 402, 1.6, 402, 2.5, 403, 401, 400.5. Kerbs: Three months 400.8, 401, 402, 2.5, 400.8.

COCOA

Values steadied during a featureless day which saw little physical activity, reported Gill and Duffus.

COCOA	Yesterday's Close	+ or −	Business Done
March	1783.0-85.0	+22.0	1783.0-52.0
May	1790.0-92.0	+21.0	1795.0-63.0
July	1804.0-05.0	+23.0	1806.0-1780
Sept	1824.0-25.0	+17.5	1825.0-90.0
Dec	1848.0-49.0	+17.5	1850.0-25.0
March	1864.0-70.0	+19.0	1870.0-40.0
May	1880.0-90.0	+15.0	1880.0-60.0

Sales: 3,976 (4,474) lots of 10 tonnes. International Cocoa Organisation (U.S. cents per pound): Daily price Feb. 21 158.05 (162.18); indicator prices Feb. 21: 15-day average 157.55 (157.02); 22-day average 157.29 (157.51).

COFFEE

London coffee futures opened £5 higher as forecast on Wednesday before falling back slightly to consolidate in the high range during a quiet morning session. The afternoon was a reflection of the earlier proceedings with the only feature being the stop-position coming under some pressure. Values finished 10-12 lower and steady on the day, reported Drexel Burnham Lambert.

COFFEE	Yesterday's Close	+ or −	Business Done
	£ per tonne		
March	1408-1409	−99.5	1425-1406
May	1359-1360		1365-1356
July	1351-1352	−85.5	1355-1360
September	1304-1305	−87.5	1310-1300
November	1276-1278	−6.5	1285-1272
January	1246-1250	−11.0	1260-1241
March	1226-1230	−11.5	1233-1228

Sales: 3,600 (5,497) lots of 5 tonnes.

ICO Indicator prices for Feb. 21 (U.S. cents per pound): Colombian Mild Arabicas 129.00 (same); unwashed Arabicas 136.00 (127.00); other mild Arabicas 121.83 (121.33); Robustas ICA 1976 132.00 (131.50); Robustas ICA 1968 132.50 (132.00). Daily average 127.94 (128.13).

GRAINS

IMPORTED—Wheat: CWRS No 1 13½ per cent Feb. 95.25. U.S. Dark Northern Spring No. 2 14 per cent: March 94.25, April/May 92.75, transhipment East coast. U.S. Hard Winter 13½ per cent Feb 95.25, March 91.00, transhipment East coast. EEC unquoted. Maize: U.S./French March 108, April 110.75, transhipment East coast. South African White April 79.50, Glasgow. South African Yellow April 79.50, Glasgow. Barley: English feed fob April/June 89, East coast.

LONDON FUTURES (GAFTA)—Wheat opened very quiet in low volume with old crops unchanged and new crops 5p higher. Values eased slightly in the afternoon session but closed about steady. Barley opened unchanged on old crops and 5p-10p higher for new crop. The commercial buying helped values in May and Sept. with new crops showing 20p higher. Values increased sharply on commercial support, the main interest being in the May. Barley opened 5p-20p higher [illegible] trade [illegible] Acli reported.

WHEAT	Yesterday's close	+ or −	BARLEY Yesterday's close	+ or −
Mar.	94.55	−0.05	92.30	...
May	96.55	−0.05	94.55	−0.05
Sept.	90.55	...	89.50	+0.20
Nov.	93.50	...	92.90	+0.05
Jan.	96.75	...	95.60	+0.05

Business done—Wheat: March 94.50-94.20, May 96.50-96.45, Sept. 90.55-90.25, Nov. 93.50-93.35, Jan. 96.80-96.75. Sales: 34. Barley: March 92.30, May 94.55-94.40, Sept. 89.50-89.25, Nov. 92.90-92.75, Jan. 95.60. Sales: 349.

HGCA—Location ex-farm spot prices. Other milling wheat—[illegible]. Feed barley: [illegible]. The UK monetary coefficient for the week beginning February 26 is expected to remain unchanged.

EEC IMPORT LEVIES—The following levies and premiums are effective for February 23 in order of current levy plus March, April and May premiums (with previous in brackets) all in units of account per tonne. Common Wheat—[illegible].

RUBBER

[illegible]

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
March	63.90-64.00	63.00-63.75	64.20-64.00
April	64.10-64.50	63.80-63.90	—
Apr-June	64.65-64.90	64.25-64.60	66.70-64.90
Jy-Sept.	66.55-67.00	66.10-66.50	67.75-66.00
Oct-Dec	68.90-69.00	68.05-68.20	69.70-68.00
Jan-Mar	70.75-70.80	70.00-70.10	71.65-70.70
Apr-June	72.70-72.80	71.90-72.00	73.60
Jy-Sept.	74.70-74.80	73.90-73.95	—
Oct-Dec	76.70-76.80	75.80-75.90	76.90

Sales: 826 (327) lots of 15 tonnes and 3 (14) at 5 tonnes.

Physical closing prices (buyers) were: Spot 63.25p (62.0); April 62.75p (62.0); May 63.75p.

SOYABEAN MEAL

The market opened around unchanged, reported T. G. Roddick. It moved steadily higher, helped by some nervous short-covering and continued Commission House buying.

	Yesterday Close	+ or −	Business Done
	£ per tonne		
February	—	....	114.00
April	133.00-33.2	+1.6	33.00-31.50
June	134.00-34.2	+1.35	34.50-32.60
August	135.20-35.5	+0.95	35.50-34.00
October	134.00-34.2	+1.35	34.00
December	129.50-31.0	−0.25	31.00
February	129.50-32.0	−0.25	—

Sales: 156 (251) lots of 100 tonnes. potatoes from New York.

SUGAR

LONDON DAILY PRICE (raw sugar): £103.00 (same) a tonne cif for Feb.-March shipment. White sugar daily price was fixed at £110.00 (£109.50).

Reports of renewed fighting in Vietnam caused the market to open some 50 points above kerb levels, and although prices fell back later all the losses were recovered by the close, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
March	106.50-06.75	107.25-07.50	108.25-07.50
May	112.60-12.65	112.75-12.85	113.25-12.00
Aug.	116.20-16.25	116.55-16.75	117.00-15.75
Oct.	119.00-19.50	119.25-19.50	119.75-18.75
Dec.	121.30-21.75	121.50-21.60	121.40-20.75
March	126.00-26.25	126.00-26.25	126.25-25.50
May	129.00-29.75	129.50-30.00	129.25-28.50

Sales: 2,472 (2,017) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £262.55 (same) a tonne for home trade and £175.50 (£173.00) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for Feb. 21: Daily 8.79 (8.50); 15-day average 8.06 (7.98).

WHITE SUGAR. Close (in order buyer, seller, business, sales): [illegible]. Sales: 258.

WOOL FUTURES

LONDON GREASY—Close (in order buyer, seller): March 220.0, 232.0; May 230.0, 240.0; July 238.0, 244.0; Oct. 238.0, 245.0; Dec. 238.0, 245.0; March 240.0, 248.0; May 240.0, 248.0. Sales: nil.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales): [illegible]. Sales: nil.

SYDNEY GREASY—Close (in order buyer, seller, business, sales): Micron Contract: [illegible].

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 56.0 to 59.0; Eire hindquarters 62.0 to 65.0, forequarters 39.0 to 45.0. [illegible]

MEAT COMMISSION—Average fatstock prices at representative markets on February 22. GB Cattle 72.90p per kg lw (−1.01). UK Sheep 153.0p per kg est dcw (−3.01). GB Pigs 62.0p per kg lw (+0.6). England and Wales [illegible].

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported Produce: [illegible]. English Produce: Potatoes—Per 25-lb [illegible].

PRICE CHANGES

In tonnes unless otherwise stated.

	Feb. 22 1979	+ or −	Month ago
Metals			
Aluminium	£710		£710
Free Mkt (cts)	$1,475/95		$1,350/400
Copper			
Cash w'bar	£998	−15.5	£1,000.5
3 mth	£1,018.75	−12.25	£1,014.5
Cash Cathode	£991	−12.5	£1,004.5
3 mth	£1,011.25	−11.75	£1,002.25
Gold troy oz.	$253.25	+3.25	$232.875
Lead cash	£517.5	+1.0	£417.5
3 mth	£492.25	−4.0	£408.75
Nickel	£2,850.60		
Freemkt (cts/lb)	$1.95		
Platin'm tr'y oz	£164.5		£150
Free mkt	£210.15	−0.60	£188.10
Quicksilver	$290/300		
Silver troy oz.	388.2p	−2.65	330.1p
3 months	399.7p	−3.25	339.55p
Tin cash	£7,212.5	−27.5	£6,875
3 mths	£7,160	−2.5	£6,825
Tungsten	$127.94		$144.29
Wolfrm 22.04 cif	$141/44		$144/48
Zinc cash	£401.5	−5.5	£371
3 months	£415.75	−5.5	£385.5
Producers	$800		$700
Oils			
Coconut (Phil)	$1,000r	+5.0	$990
Groundnut			
Linseed Crude	£432		£364
Palm Malayan	$710r	+25.0	$640
Seeds			
Copra Philip.	$685y		$680
Soyabean (U.S.)	$314z	+8.0	$294
Grains			
Barley Futures	£94.55	+0.05	£89.55
Maize			
French No 3 Am	£109r		£110.5
Wheat			
No. 1 Red Spg	£101r		£97.25
No2HardWint.	£91r	+0.75	£93.5
Eng. Milling	£98.5r		
Other commodities			
Cocoa ship't	£1,806	+21.0	£1,857
Future May	£1,791	+21.0	£1,787
Coffee Ft'r May	£1,359.5	+3.0	£1,367.5
Cotton A'index	77.00c	+0.1	73.75c
Rubber kilo	63.25p	+1.25	56.25p
Sugar (Raw)	£103		£103
Woolt'ps 64s kl	283p	−5p	268p

* Nominal. † New crop. ‡ Unquoted. r April-May. y Feb.-March. z March. s March-April. n April. x Per ton. z Indicator. § Buyer.

AMERICAN MARKETS

NEW YORK, Feb. 22.

Cocoa—March 162.60 (160.85), May 155.50 (154.00), July 157.50, Sept. 159.50, Dec. 161.75, March 163.50, May 164.50. Sales: 634.

Copper—Feb. 88.55 (88.60), March 88.80 (89.70), April 89.40, May 90.20, July 90.60, Sept. 90.50, Dec. 90.00, Jan. 90.00, March 89.95, May 89.90, July 89.85, Sept. 89.80, Dec. 89.70.

*Gold—Feb. 251.50 (250.10), March 251.80 (250.60), April 253.80, June 258.50, Aug. 263.20, Oct. 267.0, Dec. 272.60, Feb. 277.30, April 282.10, June 286.90, Aug. 291.80, Oct. 296.70, Dec. 301.60.

Potatoes (round whites)—March 60.1 (60.9), April 63.0 (63.7), May 72.5, Nov. 57.4, March 64.9, April nil, May 80.5. Sales: 3,335.

¶Silver—Feb. 781.60 (785.20), March 782.00 (786.00), April 787.30, May 792.00, July 800.80, Sept. 809.50, Dec. 822.20, Jan. 826.40, March 834.70, May 843.10, July 851.50, Sept. 860.90, Dec. 872.70. Handy Harman bullion spot 782.50 (783.40).

CHICAGO, Feb. 22.

Lard—Chicago loose 25.50 (same). New York prime steam not available.

‡‡Maize—March 239-238½ (238½), May 249½-250 (249), July 256-256½, Sept. 259½, Dec. 264¼, March 272-271¾.

Silver—Feb. 781.0 (785.10), March 785.0 (789.60), April 790.0-791.0, June 799.0, Aug. 810.0-819.0, Oct. 818.0, Dec. 826.5, Feb. 835.0, April 842.8, June 851.3, Aug. 860.0, Oct. 869.0, Dec. 887.0, Feb. 887.0, April 896.5, June 906.0, Aug. 915.5.

‡Soyabeans—March 765½-764½ (762), May 780-782 (779¾), July 790-788, Aug. 778, Sept. 728½, Nov. 705-704, Jan. 713, March 723.

||Soyabean Meal—March 201.50-201.20 (201.20), May 205.50-205.30 (204.90), July 209.00-208.50, August 206.80-207.00, Sept. 201.50, Oct. 197.20, Dec. 197.00-196.50, Jan. 196.50, March 198.00.

Soyabean Oil—March 27.85-28.00 (28.08), May 28.25-28.30 (28.33), July 28.30-28.35, August 28.00-27.85, Sept. 26.70-26.65, Oct. 25.30-25.20, Dec. 24.65-24.80, Jan. 24.75-24.70, March 24.65-24.66, May 24.55-24.65 asked.

‡Wheat—March 368½-368 (368¼), May 348-348½ (350¼), July 328¾-329, Sept. 331¼-331, Dec. 342¼-342½, March 360½ asked.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. || $ per short ton (2,000 lbs). § $Can. per metric ton. §§ Per 1,000 sq. ft. ‡ Cents per dozen.

Wednesday's closing prices

Cotton—No. 2: March 64.50-64.51 (64.67), May 67.05-67.19 (67.36), July 69.00-69.15, Oct. 67.20-67.28, Dec. 65.80-65.90, March 67.00-67.25, May 68.20-68.25, July 69.00 bid. Sales: 7,850.

Orange Juice—March 108.50-108.60 (107.60), May 109.50-109.60 (109.25), July 110.40-110.50, Sept. 111.20, Nov. 107.00, Jan. 104.10-104.25, March 104.60, May 104.80-104.95, July 104.60-105.00.

Potatoes (round whites)—March 60.0 (59.3), April 63.0 (62.5), May 72.3-72.6, Nov. 57.4-57.5, March 64.0-65.5, April 69.0-71.0, May 79.8-80.5. Sales: 2,002.

Tin—690.00-710.00 nom. (680.00-715.00 nom.). Spot 690.00-710.00 asked (680.00-715.00).

CHICAGO, Feb. 21.

Lard—Chicago loose 25.50 (25.25). New York prime steam 27.00 traded (same).

Live Cattle—Feb. 68.72-68.65 (67.95), June 69.55-69.60 (68.90), Aug. 68.25-68.22, Oct. 66.40-66.45, Dec. 67.60-67.65, Jan. 68.00 bid, Feb. 69.45-69.35 asked, April 69.25 asked, June 70.50-70.60, Aug. 70.30-70.50. Sales: 20,835.

Plywood—March 212.1 (214.3), May 214.9 (217.2), July 215.1, Sept. 211.4, Nov. 209.2, Jan. 210.0 nom., March 210.0 nom.

Pork Bellies—Feb. 70.90-70.85 asked (69.10), March 69.60-69.75 (68.42), May 70.60-70.50, July 70.55, Aug. 68.60. Sales: 5,004.

Shell Eggs—Feb. 54.65 asked (54.75), April 50.75 (50.80), May 49.75-49.55, June 50.75, Sept. 58.20 asked, Dec. 59.25 bid. Sales: 123.

WINNIPEG, Feb. 21. §Rye—May 108.20 (108.00 bid), July 107.50 (107.00 asked), Oct. 107.90 nom., Dec. 107.90 nom.

§Barley—March 80.90 (80.70), May 81.30-81.40 (81.20 bid), July 83.40 asked, Oct. 85.60 asked, Dec. 85.70 bid.

§Oats—March 86.20 bid (86.60 bid), May 83.90 (84.20 bid), July 82.90 bid, Oct. 84.50 asked, Dec. 83.50 asked.

§Flaxseed—May 376.70 bid (375.00 bid), July 369.80 bid (369.90 bid), Oct. 363.30 asked, Nov. 356.70 bid, Dec. 356.70 bid.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 191.14 (189.58).

EUROPEAN MARKETS

ROTTERDAM, Feb. 22.

U.S. No. 2 Dark Hard Winter wheat 13.5 per cent mid-Feb./mid-March $168. U.S. Hard Winter wheat ordinary not offered. U.S. No. 2 Red Winter wheat March $168, April $160, May $159, June $148, July $146. U.S. No. 2 Northern Spring wheat 14 per cent, March $174, April-May $148, May $148.75, May-June $147.

Maize—U.S. No. 3 Corn Yellow traded April $121 up to $121.75, Feb. $121.50-$121.75, March-April $121.75. March shipment $121.25-121.50, $121.75 with sellers all pos. $122.

Soyabeans—U.S. No. 2 Yellow Gulf ports Feb. $304.50 sellers, $302.50 paid, March $307, April $311, May $312 seller, June $315.50 seller, $314.75-$315 paid, July $315.50 seller, $314.75 paid, Aug. $315, Sept. $306, Oct. $282, Nov. $281, Dec. $284, Jan. $287, Feb. $290, March $292 sellers. Brazil unquoted. Argentine June $305.

Soyameal—44 per cent protein, U.S. Nov.-March $238 traded. AFL $241, March $242, Feb. $242, April-Sept. $243, Nov.-March $238 sellers. Brazil pellets AFL $250, Feb. $251, March $249, April-Sept. $250, Nov.-March $253.

PARIS, Feb. 22.

Cocoa (FFr per 100 kilos): March 1553-1560, May 1488-1490, July 1300 bid, Sept. 1545-1560, Dec. 1535-1555, March 1536 bid. Sales at call: 30. Accumulative total 89.

Sugar (FFr per 100 kilos): May 941-942, July 957-965, Aug. 985-990, Oct. 1017-1025, Nov. 1010-1024, Dec. 1067-1079, March 1100-1125, May 1120-1140. Sales at call: 10.

● Commodity market coverage in these columns is being extended to include French sugar, cocoa, coffee, soyabean meal and wool market closing prices. More U.S. futures markets will also be covered including silver, live cattle, hogs, eggs, pork bellies and plywood from Chicago and orange juice and potatoes from New York.

INDICES

FINANCIAL TIMES

Feb. 21	Feb. 20	M'nth ago	Year ago
270.08	269.56	263.01	222.99

(Base: July 1, 1952=100)

MOODY'S

Feb. 21	Feb. 20	M'nth ago	Year ago
1051.9	1043.5	1000.6	898.2

(December 31, 1931=100)

DOW JONES

Dow Jones	Feb. 21	Feb. 20	Month ago	Year ago
Spot	382.04	382.58	374.43	344.73
F'tur's	380.47	381.79	370.02	328.55

(Average 1924-25-26=100)

REUTERS

Feb. 22	Feb. 21	M'nth ago	Year ago
1554.2	1550.0	1503.2	1382.9

(Base: September 18, 1931=100)

Big gains follow massive oversubscription of two new Government stocks—Longs up to 1¾ points higher late

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Feb. 12	Feb. 22	Feb. 23	Mar. 6
Feb. 26	Mar. 8	Mar. 9	Mar 20
Mar. 12	Mar. 22	Mar. 23	Apr. 3

* "New time" dealings may take place from 9.30 am two business days earlier.

Government stocks again dominated proceedings in stock markets yesterday and in dealings well after the official close were standing as much as 1¾ points higher on the day. The latest upsurge was activated by the massive oversubscription of the two new issues for which well over £1bn was thought to have been put up for stocks which, in £15-paid form, called for rather less than £200m.

A rush of early investment yesterday partly represented enforced covering by institutional and broking sources whose applications for the stocks were deemed too late by the Bank of England. The demand impinged on a market becoming increasingly short of supplies following the strong support of the past three days and quotations were quick to respond.

Within the space of an hour, fresh rises to a point were established. Following a lull in demand around midday, however, when the possibility of an early downward move in Minimum Lending Rate was discussed, quotations began to come away from the highest levels with the shorter maturities leading the reaction.

Speculation later that the authorities might today announce further tranches of the new stocks as replacement issues as well as a short tap issue further curtailed enthusiasm, but after the official close the longs surged upwards on renewed investment buying and the higher-coupon stocks extended their gains to 1¾ points in places.

Exchequer 12 per cent 2013/17 illustrated the late strength, improving from 89¾ at 4 pm to 89⅞ for a rise on balance of 1¾ points, while Treasury 12½ per cent 2003/05 was also 1⅝ dearer at 92¾. Today's start of dealings in the two new issues will be hectic and at premium prices.

The shorts also progressed late and initial rises of a full point, which in volatile trading had been pared to half that amount by the 3.30 pm close, were almost regained in the late business when they were reaching towards ⅞. This in the face of increasing talk of the likelihood of a short tap being announced today.

Industrial shares were again forced to take a back seat while the majority of investors concentrated on Gilts. The overall tone was helped by the strength of the funds however and became a little stronger after ICI's preliminary statement with the result that the FT 30-share index closed at the day's best with a rise of 2.3 at 459.2.

Despite the buoyancy of sterling, the Investment currency market traded quietly and the premium closed unchanged at 89¼ per cent. Yesterday's SE conversion factor was 0.6830 (0.6814).

The Traded Options market remained reasonably active and 808 deals were reported compared with the previous day's 1,076. ICI attracted 151 contracts, while interest was also shown in EMI, 123, and RTZ, 129.

Barclays please

Proceedings in the banking sector were dominated by Barclays which rose 10 to 392p, after 394p, in response to the better-than-expected preliminary profits which were around £11m higher than the most optimistic brokers' forecasts. Other major clearers hardened in sympathy but closed below the best. NatWest, the next to report on Tuesday, ended 2 up at 292p, after 296p, while Lloyds edged forward a penny to 288p, after 290p. The current boom conditions in gilt-edged securities continued to bolster Discounts where Allen Harvey and Ross added 10 to 340p and Alexanders put on 7 to 252p. Merchant banks were featured by sudden demand for Antony Gibbs, some of which was for new-time, which left a close of 50p, up 5 on balance. Goode Durrant and Murray improved 2½ to 25p but Hill Samuel softened a penny to 83p and the Warrants dipped 10 to 40p.

Building descriptions provided the occasional noteworthy firm feature. Marchwiel rose 5 for a three-day gain of 10 to 116p in response to the annual results and, in a thin market, Brown and Jackson advanced 20 to 330p. New-time interest lifted French Kier 2½ to 35½p, while G. H. Downing found support at 118p, up 4, the latter's interim results are due on March 7. Elsewhere, Rohan added 7 to 85p on the impressive half-year profits.

After shading to 368p on the annual results, ICI picked up on lack of sellers and closed a net 6 to the good at 375p; the price is due to be quoted ex dividend next Monday. A neglected market of late, Fisons found support and added 6 to 295p.

Burton up again

Further speculative buying helped Burton Ordinary to improve 2 more to 230p; the A rise a penny to 199p, after 201p, and the Warrants a similar amount to 59p. Elsewhere in Stores, Ernest Jones (Jewellers) were supported again and closed 9 to the good at 178p in the wake of the results, while improvements of 3 and 4 respectively were seen in Currys, 156p, and Lee Cooper, 217p. J. Hepworth edged forward a penny to 73p in response to Press comment, but MFI Furniture drifted down 5 to 224p. Among Shoes, Newbold and Burton featured with a rise of 3 to 62p in response to the increased annual earnings and proposed 2-for-5 scrip issue.

News of the international X-ray scanner licensing agreement with Johnson and Johnson stimulated a fairly lively interest in EMI which advanced to 138p before settling at 132p for a rise of 6 on the day. Other leading Electricals finished on a quietly dull note, with GEC closing 2 down at 324p. Elsewhere, late demand lifted Eurotherm 8 to 296p, while buying interest was still being shown in Unitech, up 3 more at 190p. Allied Insulators eased a penny to 57p on lower annual profits and other dull spots included Sound Diffusion, 93p, down 30.

Leading Engineers fluctuated narrowly around overnight closing levels and final quotations were little altered on balance. Elsewhere, Mining Supplies featured with a rise of 8 at 144p following the announcement that Charter Consolidated had acquired a 5.1 per cent stake in the company. Whessoe encountered support at 98p, up 5, while Matthew Hall continued firmly and put on 3 further to 221p. Rises of around 3 were also marked against 600 Group, 90p, Whitehouse, 126p, and Hawthorn Leslie, 74p. On the other hand, scattered offerings left Hopkinsons 4 off at 86p and Braithwaite 3 down at a fresh 1978/79 low of 90p.

Leading Foods encountered a reasonable two-way business, but closed virtually unaltered. Elsewhere, old bid favourite Robertson firmed 4 to 141p.

In Hotels and Caterers, buyers turned their attention to Prince of Wales which advanced 10 to 122p. De Vere, a volatile market of late on bid possibilities, eased to 236p from 238p initially before renewed speculative demand took the price to 240p for a net rise of 4. Vague bid talk helped Reo Stakis to firm 2 to 45p.

Overshadowed by hectic activity in the gilt-edged market, miscellaneous Industrial leaders passed a quietly firm session. Glaxo closed 7 to the good at 485p and Beecham 4 harder at 625p. Elsewhere publication of the long-awaited preliminary results brought strength to Bath and Portland which jumped 7 to 53p in response to the better-than-expected figures. The chairman's confident remarks at the AGM buoyed Caplan Profile which rose 5 to 150p, while Crest Nicholson put on a similar amount to 97p on continuing consideration of Tuesday's good results. Still awaiting further news of the bid approach, Glass and Metal firmed 3 more to 122p. Harris Lebus revived with a rise of 4 to 38p and De La Rue advanced 8 to 355p. Investment demand prompted improvements of 5 and 8 respectively in ICL, 470p, and Ricardo, 304p, while comment on the results helped Gripperrods put on 3 more to 92p.

In Leisures, fresh speculative demand took Management Agency and Music up 8 to 138p and, ahead of Monday's interim results, Campari put on 7 to 106p.

Wilmot Breeden rose 7½ more to 96½p on hopes of early developments in the Rockwell situation. Other Motor Components traded quietly with Brown Brothers shedding a penny to 29p on the downturn in interim profits. A two-way business developed in ERF which fell to 89p before closing a net 2 lower at 91p.

Jacksons Bourne End reversed Wednesday's fall of 11, ending at 123p following the company's statement that the 100p per share cash offer from Rossminster is inadequate. Elsewhere among printing and advertising issues, Olives Paper Mill added 3 to 58p, after 60p, on the more-than doubled profits, proposed 100 per cent scrip issue and confident outlook, while Jefferson Smurfit hardened 2 at 177p on the proposed expansion into Australia. Mills and Allen improved 12 to 232p on increased speculative support.

Suggestions of an early cut in minimum lending rate encouraged strong demand for Properties which displayed an impressive list of plus signs. British Land firmed 1½ to 53p, on news that 4.47m shares in the company had easily been placed with institutions, while Town and City improved ½ to 16½p on the £2.45m pre-letting of an office block to the Post Office. Persistent demand lifted Land Securities 6 to 272p and Haslemere another 8 to 270p, while other notable gains included Allnatt London, up 9 at 258p, Lynton, 7 to the good at 132p, and Brixton Estate, 5 better at 133p. On the bid front, hopes of an increased offer from the Dutch group Wereldhave to counter the 50p per share bid from Olympia and York Developments prompted further buying of English Property which firmed 1½ to 51½p.

Oils quietly steady

Oil shares held steady in quiet conditions. British Petroleum touched a fresh peak of 978p before settling a few pence to the good at 976p but Shell ended 2 cheaper at 634p after fluctuating within fairly narrow limits.

Shippings failed to show a decided trend. Common Bros. encountered occasional support and put on 7 to 193p, but Walter Runciman, a firm market of late, gave up 5 to 71p.

Textiles remained idle. Small and Tidmas rose 10 to 85p in an exceptionally limited market, while Textured Jersey added 2 for a two-day gain of 7 at 50p.

Despite the easier trend in Singapore due to the China/Vietnam crisis, the London Plantation market remained resilient. Guthrie added 3 to 443p, while Lunuva put on 10 at 262p.

Golds firmer again

After being marked up at the outset reflecting the firmer trend in overnight U.S. markets South African Golds made further modest progress in quiet trading awaiting the outcome of yesterday's U.S. Treasury gold auction. The bullion price, however, moved ahead strongly to close $3.25 better at a record $253.625 per ounce.

Hartebeest put on ½ to £15½ but other heavyweight issues were rarely more than ¼ firmer. Medium-priced issues showed Libanon 10 up at 575p and Stilfontein 3 harder at 1978-79 high of 400p. The Gold Mines index added 1.1 more to 181.6.

The steadiness of the gold share market prompted attempted American buying of the South African Financials. New highs for 1978-79 were registered by Anglo-Vaal, ¼ firmer at £11 and Gold Fields of South Africa, which rose to £16¾.

In Coppers Roan Consolidated Mines rose 5 more to 110p on further consideration of the better December quarter results.

Tins were mixed. Far Eastern selling lowered Ayer Hitam by 15 to 390p and Berjuntai by 10 to 250p but Killinghall continued to improve and closed 5 to the good at a 1978-9 high of 320p for a three-day gain of 65.

After an uncertain start Australians gained ground in the afternoon with Conzinc Riotinto a feature at 304p, up 8, following the proposed one-for-fifteen at A$2.90 "rights" issue.

Among other Australians new 1978-9 highs were seen in Western Mining, 8 firmer at 184p and Pacific Copper, 3 better at 112p. Of the more speculative issues, Selcast added 4 more to 51p, while Metals Exploration put on 3 to 39½p and Cultus Pacific 2 to 32p.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	71	2	8
Corpns. Dom. and Foreign Bonds	29	2	33
Industrials	257	222	1,046
Financial and Prop.	109	66	334
Oils	5	7	28
Plantation	9	5	18
Mines	46	33	61
Recent Issues	6	9	14
Totals	532	346	1,547

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978-79 high	1978-79 low
Town & City Pps.	10p	15	16½	+1½	17	11½
BP	£1	12	976	+2	978	720
Shell Transport	25p	12	634	−2	642	484
GEC	25p	11	334	−2	349	233
ICI	£1	11	375	+6	421	338
EMI	50p	10	132	+6	190	124
Barclays Bank	£1	9	392	+10	398	296
RTZ	25p	9	292	+2	292	164
Wilmot - Breeden	25p	9	96½	+7½	96½	55
Rank Org.	25p	8	232	—	295	225
Sunley (B.)	25p	8	268	+6	288	170
Allied Breweries	25p	7	81	+½	94	78
Sedgwick Forbes 'New'	Nil/pd.	7	2pm	—	5½pm	2pm
Boots	25p	6	193	−1	237	184
Unilever	25p	6	554	+2	602	476

FINANCIAL TIMES STOCK INDICES

—	Feb. 22	Feb. 21	Feb. 20	Feb. 19	Feb. 16	Feb. 15	A year ago
Government Secs.	66.93	66.31	66.28	65.92	65.18	65.19	75.09
Fixed Interest	67.58	67.22	66.95	66.44	66.05	66.03	77.67
Industrial	459.2	456.9	460.3	460.3	455.3	450.6	445.5
Gold Mines	181.6	180.5	179.5	180.1	177.2	175.6	157.1
Gold Mines (Ex-$ pm)	124.0	123.0	123.0	123.7	121.1	120.3	115.1
Ord. Div. Yield	6.17	6.20	6.16	6.17	6.24	6.30	6.00
Earnings, Y'ld % (full)	16.11	16.19	16.10	16.11	16.31	16.48	16.01
P/E Ratio (net) (*)	8.04	8.00	8.05	8.05	7.95	7.88	7.83
Dealings marked	5,451	5,494	6,057	4,253	3,726	4,474	5,827
Equity turnover £m.	—	87.00	82.99	65.32	60.26	66.74	96.35
Equity bargains total	—	16,936	16,978	14,173	11,535	12,110	12,57

10 am 456.5. 11 am 456.6. Noon 458.2. 1 pm 458.1. 2 pm 458.5. 3 pm 458.8.
Latest Index 01-246 8026.
*Nil = 7.81.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex $ premium index started June 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978/9 High	1978/9 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	78.58 (5/1/78)	64.64 (8/2/79)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1/78)	65.77 (12/2/79)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9/78)	433.4 (2/3/78)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.6 (14/8/78)	124.1 (29/11/78)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)	132.3 (14/8/78)	90.3 (18/4/78)	337.1 (3/4/74)	54.3 (25/6/75)

S.E. ACTIVITY

	Feb. 22	Feb. 21
Daily		
Gilt Edged	192.6	183.2
Industrials	174.4	173.9
Speculative	41.7	44.7
Totals	124.1	126.1
5 d'y Av'r'ge		
Gilt Edged	179.3	172.6
Industrials	156.4	149.0
Speculative	39.1	38.3
Totals	113.7	109.3

NEW HIGHS AND LOWS FOR 1978/9

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978-79.

NEW HIGHS (90)

CANADIANS (1)
Gulf Oil Canada

BUILDINGS (2)
Breedon Lime; Brown and Jackson

STORES (7)
Baker's Stores; Burton Group; Burton A N-V; Jones (Ernest); Helene of London; Do. 12pc Conv. Prf.; Lee Cooper

ELECTRICALS (2)
Eurotherm; Kode Intl.; Unitech

ENGINEERING (2)
Browne & Tawse; Mining Supplies

FOODS (1)
Bluebird Conf.

HOTELS (3)
Mount Charlotte; Prince of Wales; Stakis (Reo)

INDUSTRIALS (10)
Assoc. Sprayers; British Vita; Caplan Profile; Crean (J.); Crest Nicholson; Davies & Newman; Gripperrods; Halma; Harris (P.); Wade Potteries

LEISURE (1)
Hawley Leisure

MOTORS (2)
Plaxton's; Wilmot-Breeden

NEWSPAPERS (1)
Intl. Thomson Conv.

PAPER (1)
Olives Paper Mills

SHOES (1)
Newbold & Burton

TEXTILES (1)
Small & Tidmas

OILS (1)
BP

OVERSEAS TRADERS (1)
Great Northern

PROPERTY (38)
Allnatt London; Beaumont Property; Berkeley Hambro; Bradford Prop.; British Land; Do. 12pc Conv. 2000-02; Brixton Estate; Capital & Counties; Chesterfield; City Offices; County & District; English Property; Do. 6½pc Conv.; Estates & General; Ests. Prop. Inv.; Gt. Portland Ests.; Greycoat Estates; Hammerson A; Haslemere Ests.; Imry Prop.; Laing Props. A; Land Investors; Land Secs.; Do. 5½pc Conv. '85; Do. 6¼pc Conv. '75; Do. 10pc Conv. '95; Law Land; Land & Prop. Shop; MEPC; Mountview Ests.; Peachey; Slough Ests.; Do. 10pc Conv. '90; Town Centre; Trafford Park Ests.; Warner Est.; Warnford Invs.; Winston Ests.

RUBBERS (1)
Bertam Cons.

TEAS (2)
Williamson; Lunuva

MINES (11)
Stilfontein; Anglo-Amer. Coal; Anglo-Vaal; Cons. Gold Fields; Gold Fields S.A.; Tanks Con.; U.C. Invest.; Pacific Copper; Western Mining; Killinghall; RTZ

NEW LOWS (9)

BANKS (1)
Hill Samuel Wts.

ELECTRICALS (1)
BSR

ENGINEERING (2)
Braithwaite; Hartle Machinery

INDUSTRIALS (3)
Caravans Intl.; Low & Bonar; Redfearn Nat. Glass

INSURANCE (1)
Sedgwick Forbes

TEXTILES (1)
Atkins Bros.

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Feb. 20	Mar. 5	May 17	May 30
Mar. 6	Mar. 19	May 31	Jne. 12
Mar. 20	Apr. 2	Jne. 14	Jne. 26

For rate indications see end of Share Information Service

Stocks favoured for the call included Premier Oil, Ultramar, Royco, Dawnay Day, Town and City, Corinthian Holdings, Pauls and Whites, William Baird, P & O, British Land, Mams, Burton Warrants, Tate of Leeds, Peter Brotherhood, Talbex, Vickers, Duple and UDT. Puts were dealt in GUS "A," Spear and Jackson, Racal and Manganese Bronze, while double options were completed in Premier Oil, Town and City, British Land and Dunlop.

APPOINTMENTS

Powell Duffryn group changes

Powell Duffryn has made the following appointments to its subsidiary PD FUELS from April 1.

Mr. L. G. Hewitt becomes managing director. For the past 13 years he has been in control of that company's fuel oil business, and previously, as area director, Southampton he was responsible for solid fuel as well as oil operations. Mr. J. C. Sturges joins the PD Fuels Board to succeed Mr. Hewitt as the director for fuel oil. From September 1, Mr. P. W. Drew will become a director on the retirement of Mr. E. N. Dominy. Mr. Drew takes over from Mr. Dominy responsibility for the wholesale and retail coal operations outside the South Coast (Curralls) trading area. Also from the beginning of September, Mr. H. W. Channell is to be a director in charge of operations at opencast coal disposal points. In addition, he will undertake the duties of general manager (wholesale) for the South Coast Coal Division, reporting to Mr. J. M. Dudgeon.

★

Mr. M. J. Gent has been elected chairman of the GUTHRIE CORPORATION following the death of Sir Eric Griffith-Jones. Mr. Gent joined the Guthrie group in 1952. From 1969 to 1977 he was based in Malaysia as chief executive of the group's interests in South-East Asia. He became deputy chairman of the Guthrie Corporation on his return to the UK in September 1977.

★

Mr. William M. Wilson, at present finance director of Stenhouse Holdings and vice-president finance and chief financial officer of REED STENHOUSE COMPANIES, has been appointed president and chief executive officer of Reed Stenhouse Companies. He succeeds Mr. James W. Whittall, who becomes chairman of the executive committee of the Board of Reed Stenhouse Companies. Mr. Wilson will be taking up residence in Canada and will remain on the board of Stenhouse Holdings. Mr. John B. Devine, executive chairman of Stenhouse Reed Shaw, joins the Board of Reed Stenhouse Companies and its executive committee.

★

Mr. John M. Skae, general manager (administration) of the LEGAL AND GENERAL ACCIDENT ASSURANCE SOCIETY, has been appointed to the Board.

★

Mr. K. F. Einfeld, managing director of International Commercial Bank, has been appointed to the new post of deputy chairman of the ASSOCIATION OF CONSORTIUM BANKS. Mr. Dudley Allen, vice chairman of Nordic Bank, continues as chairman of the association.

★

Mr. Gerald Hickey has been co-opted to the Board of CEMENT-ROADSTONE HOLDINGS. Mr. Hickey is a partner in Hickey Beauchamp Kirwan and O'Reilly, of Dublin, chairman of the Industrial Credit Company and Solus Teoranta, and a director of New Ireland Assurance.

★

Mr. Keith D. Jewell, executive officer of E. F. Hutton International Advisory Group in London, has been reassigned to E. F. HUTTON GROUP'S New York headquarters as assistant to the chairman and the president.

★

Previously associate directors, Mr. Brian A. King and Mr. David E. Wright have been appointed to the Board of BELLEW, PARRY AND RAVEN.

★

Mr. Roy D. Polson, sales manager since 1973, has joined the Board of PRESTWICK CIRCUITS. Mr. Iain R. Lamb, financial controller, has also joined the Board.

★

Following the recent restructuring of the Wimpey Group, the composition of the Board of WIMPEY CONSTRUCTION U.K. is as follows: Mr. C. J. Chetwood, chairman, Mr. T. T. Candlish, Mr. R. N. Oliver, Mr. R. A. Barrow, Mr. K. S. Bowden, Mr. D. K. Doran, Mr. J. A. Dwyer, Mr. A. M. Coane, Mr. A. W. N. Nicol, Mr. D. G. F. Loudoun, Mr. R. G. Miles, Mr. R. C. Vowels, Mr. B. J. Watkins and Mr. P. D. Whitehouse.

★

Mr. Guy Checketts has been appointed chairman of the BRITISH OVERSEAS TRADE BOARD'S South East Asia Trade Advisory Group. Mr. Checketts, who is deputy chairman and managing director of Hawker Siddeley International, succeeds Mr. Denis Rooney.

★

Mr. Dudley J. Good has been appointed deputy chief overseas executive of the OUTSPAN ORGANISATION.

★

The Royal Bank has appointed Mr. Alfred W. Moon, senior manager, international division, London office, as assistant general manager (international), based at the head office in Edinburgh, from March 1.

★

Dr. Vincent Cable has been appointed a special adviser at the DEPARTMENT OF TRADE on a part-time basis. He is senior research officer at the Overseas Development Institute.

★

Mr. G. C. A. Stone, at present a director and general manager of Butterfield-Harvey (Distribution), has been appointed managing director of HARVEY FABRICATION. He also joins the Boards of Harvey Group Services and G. A. Harvey (London).

★

Mr. Fred W. Allen has been appointed managing director of WESTREX COMPANY, a subsidiary of Litton Industries Inc.

★

Mr. Cyril Ward has been appointed to the Board of VL CHURCHILL and becomes director-general manager of the special tools division. The company is a subsidiary of TI TRANSPORT EQUIPMENT.

★

Mr. Walter Oppenheimer, having reach retiring age, has relinquished his executive duties and ceased to be vice-chairman of WESTLAND AIRCRAFT. He remains on the Board as a non-executive director and will act as a consultant.

★

Mr. David Simpson is to become director of ASH (action on smoking and health). Mr. Simpson, director of the British section of Amnesty International since 1974, starts working with ASH in mid-May in place of Mr. Mike Daube, who will shortly take up a new appointment at Edinburgh University (Department of Community Medicine) as senior lecturer in health education.

★

Mr. W. D. E. Phillips has been appointed operations director for the European Gases Division of AIR PRODUCTS AND CHEMICALS, INC. He joins the company from BXL's polythylene division at Grangemouth, where he was general manager.

★

Dr. Tony Dawson has been appointed managing director of Mr. J. R. Crawford, managing director of George Outram and Co., has been elected president of the SCOTTISH DAILY NEWSPAPER SOCIETY and Mr. V. L. Horwood, managing director of the Scottish Daily Record and Sunday Mail, has been elected vice-president.

★

Mr. R. A. Atkinson has been appointed to the board of CHAS. PAGE AND CO., a wholly-owned subsidiary of the Guinness Peat Group.

★

Mr. David P. Stocks, has been appointed financial director, and Mr. Kenneth R. Heap, works director, of PRICE BROTHERS, a subsidiary of Relyon PBWS, Wellington, Somerset.

★

Mr. James Cupples has been appointed to the main board of the PHOENIX TIMBER group. He will be responsible as executive chairman of the industrial division for the following subsidiaries: Rainham Timber Engineering Co., Beachcroft Concrete Partitions, Market Harborough Joinery Co., Contiwood (Durabella), Phoenix Floors and Phoenix Preservation.

★

Mr. E. Lyndon has been appointed director of administration and Mr. M. J. Pring, operations director of GEEST FOODS, Spalding. Mr. Lyndon's role will encompass health and safety, legal and staffing requirements, while Mr. Pring will be responsible for the 11 Geest area marketing centres.

★

Mr. R. P. M. Philips, has been appointed manager at NATIONAL WESTMINSTER BANK'S Piraeus Branch in Greece. He succeeds Mr. Cyril Goldsmith who is returning to the UK.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	900	90	5	120	1	140	—	977p
BP	950	50	1	80	9	100	—	"
BP	1000	21	16	49	—	75	—	"
Com. Union	140	9	30	12	—	16	—	148p
Cons Gold	200	15	5	20	—	27	—	206p
Cons Gold	220	5	26	11½	7	17	—	"
Courtaulds	100	10	—	12	8	14	—	106p
Courtaulds	110	4	—	5½	4	9	—	"
Courtaulds	120	1½	—	3	5	5½	—	"
GEC	300	34	6	48	—	58	—	324p
GEC	330	13½	7	29	—	39	—	"
GEC	360	5	—	14½	3	—	—	"
Grand Met.	110	12½	80	14	5	17	—	121p
Grand Met.	120	5	32	8	4	11	1	"
Grand Met.	130	1	10	4	—	5½	1	"
ICI	330	46	13	52	4	61	—	375p
ICI	360	15	78	31	1	40	5	"
ICI	390	5½	40	16	5	21	8	"
Land Secs	180	96	3	—	—	—	—	272p
Land Secs	240	38	5	44	5	51	—	"
Land Secs	260	18½	54	26	—	37	—	"
Land Secs	280	6½	27	15½	—	25	16	"
Marks & Sp	70	18½	—	20½	10	—	—	85p
Marks & Sp	90	3¼	10	6½	—	9	—	"
Shell	600	42	9	70	—	85	—	636p
Shell	650	14	1	40	2	55	—	"
Totals			458		75		28	

Option	Ex'rc'se price	May Closing offer	May Vol.	August Closing offer	August Vol.	November Closing offer	November Vol.	Equity close
Boots	200	11	—	17	5	22	5	194p
EMI	120	20	13	22	2	26	—	133p
EMI	130	12	15	16	4	21	—	"
EMI	140	7	65	12	7	16	1	"
EMI	160	2½	15	5	—	—	—	"
ImperialGp	90	3	3	4	6	7½	—	84p
RTZ	240	52	1	66	—	—	—	293p
RTZ	280	31	61	39	10	45	—	"
RTZ	300	18	30	29	—	56	27	"
Totals			304		54		31	

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1978/79 High	1978/79 Low	Stock	Closing Price p:	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
65	F.P.	20/3	125	68	Caledonian Hldgs.	121	+2	b7.5	1.6	9.0	10.5
"	F.P.	16/2	132	118	Hunting Assoc. Defd.	121		—	—	—	—
"	F.P.	9/2	37	31	M. Y. Dart Defd.	37		—	—	—	—
95§§	Nil	—	5½pm	2pm	Sedgwick F.New 10p	2pm		T5.0	2.1	7.7	9.1

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1978/79 High	1978/79 Low	Stock	Closing Price p:	+ or −
¶¶	F.P.	16/2	109p	102p	Assoc. Dairies 9½% Pref.	103p	
¶	F.P.	23/3	53p	53p	Chepstow Race'e 5% Cnv. Uns. Ln. 1988	53p	
‖100p	F.P.	28/12	100½p	98p	Findlay 8% Cnv. Cum. Red. Prf.	100p	
98	£10	—	9¾	9¼	Mid-Southern Water 8% Red. Pref 1984	9¾	
100p	F.P.	11/1	107p	100p	Rivington Reed 9½% Cnv. Cum. Red. Pref.	107p	
**		9/3	98p	95p	Shaw Carpets 10% 2nd Cum. Pref. £1	96p	+1

"RIGHTS" OFFERS

Issue Price p:	Amount Paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1978/9 High	1978/9 Low	Stock	Closing price p:	+ or −
135	F.P.	9/2	23/3	171	154	Baker Perkins	161	−2
C$21½	Nil	—	—	24pm	18pm	Bank of Nova Scotia	19pm	−1
60	Nil	6/3	27/4	10pm	5pm	Burco Dean	10pm	
220	F.P.	14/2	6/4	272	238	Haslemere Estates	272	+12
60	Nil	—	—	5pm	2pm	Hawkins & Tipson	5pm	
67	Nil	7/3	20/4	12pm	7½pm	Macpherson (D.)	12pm	+1
58	Nil	26/2	26/3	8pm	4½pm	Montfort	4½pm	
225	Nil	—	—	17pm	7pm	Rank Org.	15pm	+1
27	Nil	—	—	9pm	8pm	Sekers Intl.	9pm	
10	F.P.	22/1	23/2	17½	14½	Suter Electrical Defd.	17	+½
18	F.P.	14/3	14/3	26½	23	Swan Ryan Intl.	26½	
315	Nil	—	—	37pm	28pm	Taylor Woodrow	30pm	−1

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. Pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. ☐ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thur., Feb. 22, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Wed., Feb. 21 Index No.	Tues., Feb. 20 Index No.	Mon., Feb. 19 Index No.	Fri., Feb. 16 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	226.31	—	17.91	5.88	7.62	226.35	226.89	225.72	223.37	198.48
2	Building Materials (28)	200.05	+0.1	19.16	6.56	7.18	199.92	200.99	198.82	196.71	172.15
3	Contracting, Construction (28)	340.59	+0.4	22.58	5.98	6.23	339.13	338.84	332.75	328.83	308.71
4	Electricals (15)	540.89	−0.4	14.25	3.51	9.61	542.92	542.71	541.43	532.95	417.35
5	Engineering Contractors (12)	347.35	+0.2	19.39	6.52	6.97	346.71	344.92	341.65	339.11	278.56
6	Mechanical Engineering (73)	174.27	—	19.17	6.38	6.96	174.19	174.95	174.80	173.77	154.28
8	Metals and Metal Forming (16)	156.02	+0.2	17.84	9.21	7.79	155.76	156.95	156.38	155.13	156.64
11	CONSUMER GOODS (DURABLE) (53)	207.77	—	16.99	5.22	7.86	207.80	208.57	204.77	203.57	178.78
12	Lt. Electronics, Radio, TV (16)	272.02	—	13.92	3.94	10.07	272.14	273.33	270.67	265.18	214.72
13	Household Goods (12)	157.92	−0.6	18.79	7.39	7.36	158.84	159.28	159.15	158.96	164.27
14	Motors and Distributors (25)	113.66	+0.2	22.64	7.44	5.55	113.48	113.78	112.84	111.80	109.07
21	CONSUMER GOODS (NON-DURABLE) (170)	209.41	+0.1	16.67	6.21	7.90	209.10	209.42	208.12	205.97	183.45
22	Breweries (14)	225.09	+0.4	16.96	6.68	7.48	224.12	224.59	222.63	220.79	206.77
23	Wines and Spirits (6)	301.15	+1.2	15.43	4.95	9.52	297.54	296.37	293.86	291.21	233.96
24	Entertainment, Catering (17)	278.23	+0.8	15.72	6.80	8.41	275.94	275.93	274.18	278.24	233.08
25	Food Manufacturing (19)	198.25	+0.3	18.95	5.60	7.03	197.68	198.97	197.54	195.34	178.02
26	Food Retailing (15)	236.85	−0.5	13.63	4.97	9.98	237.95	238.44	232.28	228.35	183.41
32	Newspapers, Publishing (12)	380.64	−0.4	21.54	6.42	6.30	382.12	380.97	376.93	375.48	308.72
33	Packaging and Paper (15)	133.31	−0.5	18.92	7.90	6.91	134.01	133.91	133.83	131.88	128.67
34	Stores (40)	193.03	−0.1	12.68	4.93	11.29	193.31	193.31	193.04	191.12	167.08
35	Textiles (23)	169.80	—	18.99	8.93	6.82	169.85	170.35	170.42	169.31	168.30
36	Tobaccos (3)	244.38	+0.2	23.20	8.42	4.95	243.89	244.39	242.91	241.33	224.91
37	Toys and Games (6)	90.64	+0.2	24.48	7.17	4.82	90.48	90.97	90.28	90.05	96.61
41	OTHER GROUPS (99)	196.90	+0.6	15.61	6.35	8.24	195.77	196.02	195.51	192.59	177.58
42	Chemicals (18)	285.24	+1.3	15.53	6.64	8.34	281.72	283.12	283.29	277.97	243.22
43	Pharmaceutical Products (7)	242.10	+0.7	11.48	4.80	10.55	240.41	242.21	242.23	237.87	237.23
44	Office Equipment (6)	125.51	—	15.96	6.48	7.84	125.51	125.19	123.83	121.76	122.54
45	Shipping (10)	407.87	+0.4	14.84	7.46	8.55	406.18	402.10	404.75	405.27	413.87
46	Miscellaneous (58)	212.45	—	18.31	6.78	7.20	212.48	211.79	210.22	207.76	184.70
49	INDUSTRIAL GROUP (494)	217.27	+0.2	16.74	6.09	7.90	216.84	217.24	216.10	213.34	198.59
51	Oils (6)	556.47	—	12.55	3.62	8.66	556.74	558.56	557.25	553.15	438.53
59	500 SHARE INDEX	244.98	+0.2	16.04	5.67	8.02	244.60	245.11	243.94	241.24	218.63
61	FINANCIAL GROUP (115)	172.10	+0.5	—	5.73	—	171.23	170.02	169.97	167.86	156.88
62	Banks (6)	206.65	+0.9	24.14	5.74	5.93	204.80	203.63	205.70	201.78	176.46
63	Discount Houses (10)	224.79	+0.6	—	8.16	—	223.46	221.81	216.37	213.83	198.85
64	Hire Purchase (5)	158.47	—	20.16	5.55	6.36	158.42	158.25	158.17	155.32	144.41
65	Insurance (Life) (10)	127.81	−1.0	—	7.40	—	128.36	129.05	127.05	126.46	131.53
66	Insurance (Composite) (7)	117.81	−0.2	—	7.44	—	118.04	117.97	116.60	115.57	120.80
67	Insurance Brokers (10)	299.06	−1.0	16.64	6.43	8.61	301.99	302.12	302.92	300.72	309.07
68	Merchant Banks (14)	77.85	—	—	6.44	—	77.82	77.91	76.74	76.98	72.52
69	Property (43)	300.72	+2.0	3.52	2.69	45.58	294.78	293.26	289.77	285.08	228.40
70	Miscellaneous (10)	112.75	+0.3	20.04	6.99	6.21	112.44	111.82	111.27	111.34	101.82
71	Investment Trusts (111)	207.25	−0.2	—	5.22	—	207.66	207.44	206.66	204.83	180.27
81	Mining Finance (4)	124.23	+0.5	15.13	5.73	8.14	123.64	121.26	120.04	118.90	88.48
91	Overseas Traders (20)	326.67	+0.2	14.92	7.51	8.52	326.02	324.37	320.60	319.82	267.32
99	ALL-SHARE INDEX (750)	226.11	+0.2	—	5.70	—	225.65	225.76	224.64	222.30	195.32

FIXED INTEREST PRICE INDICES

	British Government	Thur., Feb. 22	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	102.69	+0.25	—	1.66
2	5-15 years	107.69	+1.07	—	1.10
3	Over 15 years	110.71	+1.19	—	2.09
4	Irredeemables	121.13	+1.53	—	0.00
5	All stocks	106.84	+0.79	—	1.67

FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.

			Thur., Feb. 22	Wed., Feb. 21	Year ago (approx.)
1	Low Coupons	5 years	10.17	10.29	7.71
2		15 years	11.95	12.11	9.99
3		25 years	12.77	12.92	10.46
4	Medium Coupons	5 years	13.03	13.17	9.88
5		15 years	13.41	13.57	10.97
6		25 years	13.41	13.58	11.14
7	High Coupons	5 years	13.26	13.41	10.49
8		15 years	13.93	14.11	11.92
9		25 years	13.94	14.12	12.00
10	Irredeemables		12.31	12.50	10.27

		Thur., Feb. 22 Index No.	Thur., Feb. 22 Yield %	Wed. Feb. 21	Tues. Feb. 20	Mon. Feb. 19	Fri. Feb. 16	Thur. Feb. 15	Wed. Feb. 14	Tues. Feb. 13	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	51.53	‡14.36	51.38	51.37	51.26	51.23	51.20	52.27	52.24	60.91
16	Investment Trust Prefs. (15)	48.68	14.52	48.68	48.72	48.31	48.12	47.99	48.01	47.88	57.13
17	Coml. and Indl. Prefs. (20)	68.27	13.75	68.26	68.50	67.78	67.76	67.76	67.64	67.41	77.27

‡ Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

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AUTHORISED UNIT TRUSTS

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INSURANCE AND PROPERTY BONDS

[illegible]

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund
37, rue Notre-Dame, Luxembourg.
Alexander Fund ...... US$7.13 | +0.02 | —
Net asset value February 22.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1, Charing Cross, St. Helier, Jsy., C.I. 0534-73741
AHR Gilt Edg.Fd. ...... £10.39 10.43xd +0.28 12.62

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 76077
Cap. Tst. (Jersey) ...... 112 116 ..... 4.31
Next dealing date March 6.
Gov't Secs. Tst. ...... 90 92xd 13.59
Next dealing date Feb. 26.
East & Intl.Tst.(CI) ...... 97 104 -1 3.61
Next dealing date March 8.

Australian Selection Fund NV
Market Opportunities, c/o Irish Young & Outhwaite, 127, Kent St., Sydney
US$1 Shares ...... $US1.48 | ..... | —
Net asset value November 24.

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.
Wldinvest Income ...... $US112.8 112.67 ..... 8.21
Prices at Feb. 15. Next sub. day Feb. 21.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels
Renta Fund LF ...... 1,904 1,963 -2 8.06

Barclays Unicorn Int. (Ch. Is.) Ltd
1, Charing Cross, St. Helier, Jsy. 0534 73741
Overseas Income ...... 42.8 45.0xd 13.25
Unidollar Trust ...... $US10.49 11.69 ..... 1.70
Unibond Trust ...... $US103.06 103.96 ..... 9.00

Barclays Unicorn Int. (I.o.Man)
1, Thomas St., Douglas, I.o.M. 0624 4856
Unicorn Aust. Ext. ...... 55.1 59.3xd +0.5 1.50
Do. Aust. Min. ...... 37.2 40.1 +0.6 1.50
Do. Grtr. Pacific ...... 72.3 77.8 ..... —
Do. Intl. Income ...... 37.8 40.7 ..... 8.60
Do. I. of Man Tst. ...... 43.7 47.0xd 9.40
Do. Manx Mutual ...... 26.5 28.5xd 1.40

Bishopsgate Commodity Ser. Ltd.
P.O. Box 42, Douglas, I.o.M. 0624-23911
ARMAC *Feb. 5 ...... US$34.17 36.34 ..... —
CANRHO** Feb. 5 ...... £3.264 1.341 ..... —
COUNT** Feb. 5 ...... £2.947 3.125xd 1.68
Originally issued at *$10 and **£1. Next val. March 5.

Bridge Management Ltd.
P.O. Box 508, Grand Cayman, Cayman Is.
N'bashi Jan. 31 ...... Y18,411 ..... —
G.P.O. Box 590, Hong Kong
Nippon Fund Feb. 21. $US19.33 20.19 ..... 0.82

Britannia Tst. Mngmt., (CI) Ltd.
50, Bath St., St. Helier, Jersy. 0534 73114
Sterling Denominated Fds.
Growth Invest ...... 36.8 39.6xd 2.00
Far East & Int.Fd. ...... 86.2 93.2xd 1.00
Jersey Energy Tst. ...... 128.5 139.0xd 1.50
Univsl. $ Tst. Stg. ...... 2.18 2.29 ..... 1.00
High Int.Stlg.Tst. ...... £0.92 0.95 ..... 12.60
U.S. Dollar Denominated Fds.
Univsl. $ Tst. ...... $US5.38 5.66 ..... —
Int.High Int. Tst. ...... $US0.950 0.980 ..... 9.20
Value Feb. 16. Next dealing Feb.26.

Brown Shipley Tst. Co. (Jersey) Ltd.
P.O. Box 583, St. Helier, Jersey. 0534 74777
Stlng.Bnd.Fd.(h) ...... £10.13 10.16 ..... 12.75

Butterfield Management Co. Ltd.
P.O. Box 195, Hamilton, Bermuda
Buttress Equity ...... $US2.43 2.52 ..... 1.70
Buttress Income ...... $US2.04 2.12 ..... 7.92
Prices at Feb. 5. Next sub. day March 12.

For Capdirex SA see under Keyser Ullman Ltd.

Capital International S.A.
37 rue Notre-Dame, Luxembourg
Capital Int. Fund ...... $US17.97 ..... —

For Central Assets Mngt. Ltd see under Keyser Ullman Ltd.

Charterhouse Japhet
1 Paternoster Row, EC4 01-248 3999
Adiropa ...... DM29.80 31.50 -0.20 4.86
Adiverba ...... DM48.90 51.50 -0.20 4.50
Fondak ...... DM30.80 32.40 -0.20 5.12
Fondis ...... DM20.20 22.30 -0.20 5.45
Emperor Fund ...... $3.26 3.41 ..... —
Hispano ...... $US42.10 44.23 ..... 2.75

Clive Investments (Jersey) Ltd.

[illegible]

Keyser Ullmann Ltd.
25, Milk Street, EC2V 8JE. 01-606 7070
Fonselex ...... Fr1,362 1,491 ..... 2.30
Bondselex ...... Fr119.05 125.00 ..... —
Cent. Assets Cap ...... £141.88 141.96 +0.02 —

King & Shaxson Mgrs.
1 Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Grnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856
Gilt Fund (Jersey) ...... 8.98 9.03 ..... 13.25
Gilt Trust (I.o.M.) ...... 101.4 104.1 ..... 13.25
Gilt Fnd. Guernsey 9.35 9.38 ..... 13.25
Intl. Govt. Secs. Tst.
First Sterling ...... £17.58 17.62 ..... —
First Intl. ...... $191.67 191.71 ..... —

Kleinwort Benson Limited
20, Fenchurch St., EC3. 01-623 8000
Eurinvest. Lux. F. 1,109 +9 3.15
Guernsey Inc. ...... 66.5 70.4 ..... 3.69
Do. Accum. ...... 83.3 88.2 ..... 3.69
KB Far East Fd. ...... US$13.20 ..... 1.52
KB Intl. Fund ...... $US12.21 +0.04 1.66
KB Japan Fund ...... $US36.90 -0.30 0.68
K.B. U.S. Gwth. Fd. ...... $US12.64xd 1.53
Signet Bermuda ...... $US5.07 ..... 1.17
K.B. Int. Bd. Fd. ...... $US101.54 ..... —

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Hellier, Jersey. 0534 27561
Lloyds Tst. O'seas ...... 56.4 59.4 ..... 0.51
Next dealing March 15.
Lloyds Trust Gilt ...... £10.08 10.09 ..... 12.25
Next dealing March 7.

Lloyds Bank International, Geneva
P.O. Box 438, 1211 Geneve 11 (Switzerland)
Lloyds Int. Growth ...... SF320.0 342.50 ..... 1.30
Lloyds Int. Income ...... SF292.50 304.0 ..... 5.30

Management International Ltd.
Bank of Bermuda Building, Bermuda
C'bury Feb. 16 ...... $US28.750 ..... —

M & G Group
Three Quays, Tower Hill EC3R 6BQ. 01-626 4588
Atlantic Feb. 20 ...... US$3.02 3.30 ..... —
Aust. Ex. Feb. 21 ...... $US2.44 2.70 ..... —
Gold Ex. Acc. Feb. 21 $US12.55 13.93 ..... —
Island ...... 131.8 140.3 +0.6 13.93
(Accum Units) ...... 189.9 202.1 +0.8 13.93

Samuel Montagu Ldn. Agents
114, Old Broad St., E.C.2 01-588 6464
Apollo Fed. Feb. 14 ...... SF42.75 46.30 ..... 3.00
Japfest Feb. 14 ...... HK$13.27 14.28 ..... 0.44
117 Group Feb. 7 ...... $US10.64 11.62 ..... 2.40
117 Jersey Feb. 7 ...... £5.34 5.83xd 0.72
117 Jsy. O's. Jan. 31 ...... £10.62 11.17 ..... —

Murray, Johnstone (Inv. Adviser)
163, Hope St., Glasgow, C2. 041-221 5521
*Hope St. Fd ...... $US37.51 ..... —
*Murray Fund ...... $US11.23 ..... —
NAV Feb. 15.

Negit S.A.
10a Boulevard Royal, Luxembourg
NAV Feb. 16 ...... $US12.50 ..... —

Negit Ltd.
Bank of Bermuda Bldgs., Hamilton, Bmda.
NAV Feb. 9 ...... £6.67 — ..... —

Phoenix International
PO Box 77, St. Peter Port, Guernsey
Inter-Dollar Fund ...... $US2.38 2.57 +0.01 —

Quest Fund Mngmnt. (Jersey) Ltd.
PO Box 194, St. Helier, Jersey. 0534 27441
Quest Stlg.Fxd.Int. ...... £0.9 85.6xd 14.02
Quest Intl. Secs. ...... $0.927 0.997xd 3.01
Quest Intl. Bd. ...... $0.873 0.924xd 9.74
Prices at Feb. 21. Next dealing Feb. 28.

Richmond Life Ass. Ltd.
48, Athol Street, Douglas, I.O.M 0624 23914
(x)The Silver Trust ...... 145.5 149.0 -0.7 —
Richmond Gd.Bd. ...... 144.6 152.3 ..... —
Do. Platinum Bd. ...... 195.1 205.3 +1.1 —
Do. Diamond Bd. ...... 102.6 108.1 ..... —
Do.Em IncomeBd. ...... 166.0 175.0 +1.0 11.97
*Carrilion C.G.I.Bd. ...... 103.0 108.0 ..... —
*Price on Feb. 12. Next Dealing March 12.

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331
O.C.Eq.Fr.Jan. 31 ...... 54.4 57.6 ..... 3.05
O.C. Inc. Fd. Feb. 1 ...... 152.5 162.3 ..... 7.56
O.C.Intl.Fd.† ...... $US1.28 1.35xd 1.29
OCSm Co Jan. 31 ...... 156.0 165.9 ..... 3.04
O.C. Commodity* ...... 150.6 160.2xd 7.08
O.C. Dir.Comdty.† ...... $US32.27 34.27 ..... 0.58
O.C. Sterling Fd.** ...... £10 — ..... —
*Prices on Feb. 14. Next dealing Feb. 28.

[illegible]

Hill Samuel Invest. Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 27381
HS Channel Is. F. ...... 121.0 129.6 ..... 3.50
Box 2622, Bern, Switzerland. Telex 33425
H.S. Overseas ...... $US18.40 19.34 -0.06 —
C.S.F. Fd. (Acc.) ...... SF16.18 16.53 ..... —
Crossbow Fd. (Acc.) ...... SF3.84 3.99 -0.01 —
ITF Fd. (Acc.) ...... $US8.84 8.98 ..... —

International Pacific Inv. Mgmt. Ltd.
P.O. Box R237, 56, Pitt St., Sydney, Aust.
Javelin Equity Tst. ...... A$2.39 2.51 ..... —

J.E.T. Managers (Jersey) Ltd.
P.O. Box 98, Channel House, Jersey. 0534 73673
Jersey Extrnl. Tst. ...... 175.0 185.0 ..... —
As at Jan. 31. Next sub. day Feb. 28.

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong
Jardine Estn. Tst. ...... HK$313.99 ..... 2.40
Jardine J'pn.Fd.* ...... HK$397.14 ..... 0.90
Jardine S.E.A. ...... $US17.37 ..... 1.90
Jardine Flem.Int. ...... $HK12.03 ..... —
Intl.Pac.Secs.(Inc.) ...... HK$13.34 ..... —
Do. (Accum.) ...... HK$13.53 ..... —
NAV Feb. 15. *Equivalent $US85.17.
Next sub. day February 15.

United States Tst. Intl. Adv. Co.
14, Rue Aldringer, Luxembourg.
U.S. Tst. Inv. Fund ...... $US10.81 -0.03 0.93
Net assets February 21.

S. G. Warburg & Co. Ltd.
30, Gresham Street, EC2. 01-600 4555
Cnv. Bnd. Feb. 21. ...... $US9.57 +0.01 —
Eng. Int. Feb. 21 ...... $US20.00 -0.10 —
Gr. St. $Fd. Jan. 31 ...... $US7.86 ..... —
Merc. Ebd. Feb. 21 ...... $US10.45 10.55 ..... 0.3281
Merc.Mny.Mkt. Feb.19 £10.39 10.40 ..... —

Warburg Invest. Mngt. Jrsy. Ltd.
1, Charing Cross, St. Helier, Jsy.CI 0534 73741
CMF Ltd. Jan. 25 ...... $US14.45 14.82 ..... 2.90
CMT Ltd. Jan. 25 ...... £14.81 £15.20 ..... 2.80
Metals Tst. Feb. 15 ...... £15.04 15.41 ..... 5.46
TMT Feb. 8 ...... $US10.45 10.72 ..... 2.86
T.M.T. Ltd. Feb. 8 ...... £10.51 10.78 ..... 1.26

World Wide Growth Management
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd ...... $US16.22 +0.02 —

Wren Commodity Trust
10, St. George's St., Douglas IoM 0624 25015
Wren Commod. Tst. ...... 111.7 122.8 ..... —

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ⊕. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

CORAL INDEX: Close 456-461

INSURANCE BASE RATES

†Property Growth 12%
†Vanbrugh Guaranteed 11.75%
†Address shown under Insurance and Property Bond Table.

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Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

High	Low	Stock	Price	+ or –	Int.	Red.
107¼	98¼	FFI 13pc 1981	101	.....	12.88	12.36
110	101½	Do. 14pc '79	104½	.....	14.12	—
114½	98	Do. 14pc '83	101	.....	13.85	13.65
85	77½	ICFC 5½pc Deb. '80-82	79½xd	+½	6.92	12.60
81½	71½	Do. 6¼pcDb. '81-84	73	.....	8.79	13.70
99	84½	Do. 10½pc Uns.Ln. '86	85	.....	12.59	14.40
99¼	84½	Do. 11pc Uns.Ln. '88	85½	.....	13.09	13.90
101½	86	Do. 11¾pc Uns.Ln. '90	87½	.....	13.72	14.40
71½	57	Do. 7¼pcADeb. '89-92	59	+½	12.71	14.60
71½	53½	Do. 7¼pcA Db. '91-94	56xd	+½	12.95	14.60
84½	64½	Do.9pc'A' '91-94	66½xd	+½	13.53	14.50
81¼	62½	Do.8½pcLn. '92-97	64xd	.....	13.86	14.00

FOREIGN BONDS & RAILS

1978-79 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
24	17	Antofagasta Rly.	22	.....	—	—
41	33	Do. 5pc Pref.	40	.....	—	—
98	98	Chilean Mixed	98	.....	—	£3.10

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 46¼% (based on US$2.0085 per £)
Conversion factor 0.6830 (0.6814)

CANADIANS

S.E. List Premium 46¼% (based on $2.4024 per £)

BANKS AND HIRE PURCHASE

1978-79 High	Low	Stock	Price	+ or –	Div. Net	Cvr	Y'ld Gr's	P/E
295	232	Cater Ryder £1.	295	.....	†17.17	—	8.7	—
84	67	Clive Dis'nt 20p	81	.....	†4.85	—	8.9	—
*255	171	Com'l Aus. ($A1)	210	.....	†Q16c	2.9	4.4	8.0
*£19	£12¾	Com'zbk DM10	£16½	.....	Q26.5%	—	4.2	—
£20	£15	C'hgn.Hbk.Kr100	£18	.....	Q12%	—	6.7	—
35	18	Corinthian 10p	31	.....	†0.71	7.3	3.4	5.3
£24¾	£13¾	Cred. France F75	£23	.....	Q9.87%	—	2.8	—
46	7	Dawes (G. R.)	15	.....	—	—	—	—
*£121¼	£89	Deutsche Bank DM50	£109¾	.....	Q18%	—	2.1	—
83½	58	F. C. Finance	63	.....	†2.03	2.6	4.8	12.1
8¼	1¾	First Nat. 10p	6¼	–¼	—	—	—	—
3	½	Do. Wrrts. 75-83	2½	+¼	—	—	—	—
14½	9½	Fraser Ans. 10p	13¾	.....	—	—	—	—
199	157	Gerrard Natnl.	196	.....	g9.12	—	6.9	—
59	37	Gibbs (A.)	50	+5	2.23	—	6.7	—
255	195	Gillett Bros. £1	235	+5	16.95	—	11.3	—
29	19	Goode D't Mry.5p	25	+2½	0.13	—	0.8	—
142	96	Grindlays	117	.....	2.79	7.1	3.6	4.2
130	93	Guinness Peat	103xd	.....	H5.67	—	8.2	—
217	155	Hambros	174	.....	†9.76	—	8.4	—
100	78	Hill Samuel	83	–1	†4.97	—	9.0	—
600	40	Do. Warrants	40	–10	—	—	—	—

BANKS & HP—Continued

Hire Purchase, etc.

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INDUSTRIALS—Continued

1978-79 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's	P/E
*76¼	60	Hawkins & Tipson	62xr	......	4.46	2.4	10.7	4.6
16¾	7½	Hawtin 5p	16¼	......	—	—	—	16.4
78	34	Hay (Norman) 10p	67	......	†3.05	2.1	6.8	10.4
164	120	Hay's Wharf £1	150	+2	5.52	2.7	5.5	9.0
100	72½	Hepworth Ceram.	76	−½	3.35	3.8	6.6	5.8
112	64	Hestair	64	−1	6.99	3.1	16.3	(2.5)
25	20	Hewitt (J.) 5p	25	......	1.05	4.3	6.3	5.7
65	45	Highgate & Job 50p	50	......	‡2.54	2.4	‡	8.4
117	77	Hill (Chas.) £1	82	......	‡7.57	—	‡	—
38	28	Hirst Mal'son 20p	38	......	2.0	♦	8.1	♦
82	61	Holden (A.)	78	......	g3.62	3.9	6.9	6.2
74	59	Hollis Bros	66	......	†4.56	1.8	10.3	8.0
177	119½	Holt Lloyd Int. 10p	161	+2	†7.11	2.0	6.6	11.7
390	198	Hoover 'A'	203	−2	15.04	2.8	11.1	6.9
*175	119	Hoskins & H 20p	134	......	10.39	2.0	11.6	11.4
38⅝	23½	Howard Tenens	24¾	+¼	1.91	1.9	11.8	5.6
208	78½	Hunting Assoc.	163	......	†h1.99	9.2	1.8	9.0
65	23⅝	Huntleigh 10p	63	......	†h0.68	7.0	1.6	13.4
118	49	Hutch Whamp $HK1	61	−1	†Q20c	2.3	3.9	12.5
28½	11⅛	Hyman (I. & J.) 5p	25	......	N0.97	3.9	5.8	6.8
104	89	††IAS Cargo Air	95	......	Pd2.8	2.5	4.4	(10.5)
136	118	Do. 6% Cnv. Pref.	136	......	6.0%	11.2	6.6	—
£247⅛	£141½	I.C. Industries$1.	£183¼	−½	Q$1.52	—	4.1	—
487	206	ICL £1	470	+5	8.29	7.4	2.7	5.6
400	308	Imp. Cont. Gas £1	395	......	g9.96	3.3	3.8	9.3
33	22	Ingall Inds. 10p	31	......	1.87	1.6	9.0	10.3
98	61	Initial Services	94	......	65.06	2.8	8.0	6.3
20½	8	Inter-City 20p	19½	......	†0.61	2.7	4.7	12.0
54	39	James (John)	49¾	+¼	†d2.76	2.8	8.6	4.7
17	9½	James (M.) Inds. 20p	16	......	d1.02	1.3	9.5	11.8
307	149	Jardine M. $HK5	173	−2	K071c	2.3	4.4	9.9
34½	23½	Jentique	32	......	†2.22	1.4	10.7	9.6
*12½	9½	Johnson & Barnes	9½	......	—	—	—	—
121	76½	Johnson Clnrs.	118	+1	†3.95	4.0	5.0	5.5
212	150	Johnson Mthy. £1	212	......	†h5.53	3.4	3.9	10.7
45	32	Jourdan (T.) 10p	39	......	†2.93	2.7	11.2	4.2

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

1978-79 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's	P/E
38	16½	Edin. & Gen. Inv. 10p	[illegible]					
£132	£107	Eagle UK 9% Cnv.	[illegible]					
194	144	Equity & Law 5p	[illegible]					
250	188	Gen. Accident	[illegible]					
262	204	G.R.E.	[illegible]					
412	263	Hambro Life	[illegible]					
298	220	Heath (C.E.) 20p	[illegible]					
147	105	Hogg Robinson	[illegible]					
*178	118	Howden (A.) 10p	[illegible]					
183	134	Legal & Gen. 5p	[illegible]					
150	118	Lon. & Man. 5p	[illegible]					
195	132	London United 20p	[illegible]					
215	157	Matthew Wr. 20p	[illegible]					
216	153	Minet Hldgs. 20p	[illegible]					
67	36	Moran (Chris) 20p	[illegible]					
272	216	Pearl 5p	[illegible]					
292	216	Phoenix	[illegible]					
138	109	Provident	[illegible]					
173	134	Prudential	[illegible]					
148	125	Refuge 5p	[illegible]					
425	325	Royal	[illegible]					
99	95	Sedg Forbes 10p	[illegible]					
113	81	Stenhouse	[illegible]					
606	474	Sun Alliance £1	[illegible]					
117	91	Sun Life 5p	[illegible]					
£10	679	Taisho Mar. EDR	[illegible]					
180	155	Trade Indemnity	[illegible]					
£31½	£17⅝	Travelers $2.50	[illegible]					
303	225	Willis Faber	[illegible]					

LEISURE

1978-79 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's	P/E
94	69	Anglia TV 'A'	[illegible]					
80½	44½	Assoc. Leisure 5p	[illegible]					
124	40	Barr & W.A.T. 'A'	[illegible]					

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

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[illegible]

Components

[illegible]

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[illegible]

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TOBACCOS

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Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

CENTRAL AFRICAN

[illegible]

MINES—Continued

AUSTRALIAN

[illegible]

TINS

[illegible]

COPPER

[illegible]

MISCELLANEOUS

[illegible]

GOLDS EX-$ PREMIUM

Random quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

High	Low	Stock	Price	+ or —	Div.	C'vr	Y'ld
$15⅝	$10¼	Buffels R1	$13	......	Q190c	♦	16.8
$11¾	830c	East Drie R1	$10⅝	......	Q115c	♦	12.5
585c	330c	East Rand Prp. R1	415c	......	Q10c	—	—
$28⅝	$16½	F.S. Geduld 50c	$23⅞	......	Q315c	2.4	15.2
$15⅝	975c	Pres. Brand 50c	$13½	+⅛	Q150c	3.2	12.8
$13⅝	900c	St. Helena R1	$13½	+⅛	Q190c	1.4	16.2
550c	313c	Stilfontein 50c	550c	+5	066c	2.3	13.8
$23⅞	$16¼	Vaal Reefs 50c	$23⅞	......	Q280c	♦	13.5
$37	$25	West Drie R1	$32⅝	+⅛	†Q385c	1.7	13.6
$31¼	$19	West. Hldgs. 50c	$29	+¼	Q415c	1.4	16.4
$13	895c	Western Deep R2	$11⅞	......	Q147½c	2.4	14.3

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ■ "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♦ Regional price.
- ll No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ¢¢ Yield based on assumption Treasury Bill Rate stay unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 38

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REGIONAL MARKETS

[illegible]

OPTIONS

3-month Call Rates

[illegible]

FINANCIAL TIMES

Friday February 23 1979

MOVES TO END INDOCHINA FIGHTING

Security Council to meet

BY OUR UNITED NATIONS CORRESPONDENT IN NEW YORK

AN URGENT meeting of the United Nations Security Council is to be held to discuss the deteriorating situation in Indo-china as the border war between Vietnam and China enters its sixth day.

The move to convene the Security Council was headed by the U.S. and supported by Britain, Norway, Portugal and the South-east Asian countries. China and the Soviet Union, which have both opposed previous attempts to discuss the crisis in South-east Asia, cannot block the move since the convening of the council is a procedural matter not subject to the permanent members' power of veto.

France was the only Western member of the council not to join in the U.S. initiative.

Dr. Kurt Waldheim, the Secretary-General, issued his second appeal of the week for an end to the hostilities, offering his own good offices to all concerned in the search for a peaceful settlement.

A UN spokesman said that Dr. Waldheim was willing to fly to the area if this were the wish of the parties.

In his statement, the Secretary-General said that, since his appeal on Sunday, the situation had become "more serious and ominous," and he felt obliged to emphasise even more strongly his deep anxiety over events.

"I trust that all those concerned are fully aware of the dangers, not only of the immediate situation, but also of its possible repercussions in the wider context of international peace and security," he said.

"I earnestly renew my appeal for a peaceful solution. In this connection, my own good offices are available should the parties involved wish to make use of them."

The debate is likely to be extremely heated, and will cover not only the Chinese invasion of Vietnam, but also Hanoi's recent push into Cambodia in a successful effort to overthrow the regime of Pol Pot, the former Premier.

Leslie Colitt reports from East Berlin: High-ranking Soviet envoys in East Berlin insist that the Soviet Union will not be the first to annul the still valid friendship and mutual assistance pact between Moscow and Peking by a military incursion into China.

The Soviets emphasise that the 30-year treaty signed in Moscow on February 14, 1950, is still valid until next February as neither side has revoked it.

Chinese diplomats in East Berlin confirm that the treaty with the Russians has "officially not been cancelled, but that in practice its value does not exist."

The importance of the treaty to the Russians appears to be greater than previously thought in the West. The Soviet officials here make a point of stressing its continued validity while giving their assessment of the military conflict

The Russians say they will "come to the help of Vietnam" if requested, but refuse to specify in what way. They strongly indicate however, that the Soviet Union is not planning a lightening strike across the Siberian frontier into China as has been speculated.

BL to sell off Aveling Barford

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

BL's SP Industries (formerly Special Products) will disappear. This became clear yesterday with the announcement from BL that it has decided to put the Aveling Barford construction equipment group up for sale.

The future of Prestcold, the commercial refrigeration group which with Aveling Barford was all that was left of SP Industries, has not yet been decided. But it is clear that either it will follow the other SP Industries companies into BL, or also go up for sale.

The decision on Aveling Barford was taken after a two-month review of the company, and endorsed at a board meeting of BL last Wednesday. The decision was communicated to shop stewards and convenors of Aveling Barford yesterday morning, and announced publicly in the afternoon.

The break-up of the specialist engineering companies in SP Industries—thought of not so long ago as the most untroubled part of BL—began early last December, when Mr. David Abell, its chairman and chief executive, was transferred to run the troubled Leyland Vehicles division. He took with him the most profitable companies in SP Industries.

Several approaches have been made to Aveling Barford management in the past two months, but negotiations with possible buyers only got under way with the announcement that the company was up for sale.

Aveling Barford, the second biggest UK-owned company in construction equipment, has been severely hit by the downturn in markets worldwide. It made a loss in 1978 of around £3.5m, and BL has clearly taken the view that it does not want any more problems on its doorstep.

Mr. Leslie Wharton, deputy chairman of Aveling Barford, told employees yesterday: "We will want to see strong industrial logic in any possible deal and purchasers who are intent on an asset-stripping exercise will not be acceptable."

The price tag on the company, which employs over 3,500 people, is believed to be in the order of £35m. It is obviously hoped that a buyer will be found for the whole group, but if not, it will have to be split up.

Lombard, Page 20

Callaghan criticises Civil Service strike

BY RICHARD EVANS AND PHILIP BASSETT

THE PRIME MINISTER and Mrs. Margaret Thatcher yesterday both condemned today's proposed strike by two civil service unions which Mr. Callaghan described as "totally unnecessary and unjustified."

He said in a Commons statement that the action and any continuing disruption by the 285,000 members of the Civil and Public Services Association and the Society of Civi and Public Servants was wrong both in principle and in practice.

The timing of the strike so soon after the agreement reached with the TUC has clearly come as an embarrassment to ministers, which explains the vehemence of Mr. Callaghan's attack on the two trades unions.

The Prime Minister said the decision to strike had been taken in spite of assurances to all the unions concerned that the Government would implement a settlement based on a joint evaluation of the evidence submitted by the independent Civil Service Pay Research Unit. This work was still going on.

Uurging the unions even at this late stage to show a proper sense of leadership and responsibility, he pointed out that the present pay settlement did not expire until April 1. The action was against the best long-term interests of the civil service and was contrary to the guidance issued recently by the TUC which emphasised that strikes were to be used only as a last resort.

Without giving details, Mr. Callaghan said that action would be taken as far as possible to mitigate the effects of the strike.

The general secretaries of both unions replied angrily to the Prime Minister's statement.

Mr. Gerry Gillman, SCPA general secretary of the Society, said: "The strike should indeed be unnecessary, because it is due to the Government's refusal to honour an agreement on comparability."

The Government had promised comparability studies to other groups of workers and had signed an agreement with the TUC which talked about keeping to procedures. It had broken both pledges in the civil service.

Mr. Ken Thomas, CPSA general secretary, said that civil servants now saw promises from governments as dud cheques which should be returned to drawer. The patience of civil servants had come to an end.

Strike closes VAT centre, Page 9
Parliament, Page 10

TUC seeks higher tax allowances in Budget

BY CHRISTIAN TYLER, LABOUR EDITOR

THE TUC is to press for a net reduction in income tax in the April Budget by means of a real increase in personal allowances and the exemption of more low-paid workers from taxation.

It will call for a minimum growth rate of 3 per cent over the next financial year to maintain the present rate. This confirms the figure mentioned as an "arithmetical example" in last week's TUC-Government agreement.

In contrast with past years, the TUC's economic review does not—at least at this stage—contain an estimate of the overall Budgetary stimulus it thinks is required.

But it is looking for an £800m boost to child benefits, possibly staged over two years, in November this year and November 1980. From April 1, the child benefit rises from £3 to £4 a week. The TUC wants this payment raised again to £4.85 and then indexed alongside other benefits. It will ask for a further rise in the state pension.

These are the broad conclusions of the annual review considered by the TUC's economic committee yesterday. There may be some amendments when the review is put to the general council for approval next Wednesday.

The review will give strong support to the Government's line on Britain's large and growing net contribution to the EEC budget, and to the stand taken by Mr. John Silkin, Minister for Agriculture, for reform of the Common Agricultural Policy.

It welcomes what it sees as a significant step for the TUC in that it has become involved in the annual public expenditure survey. The TUC wants to develop that presence through its newly-formed public services committee.

The theme of the TUC's Budget submission is that a neutral package which failed to maintain 3 per cent growth coupled with a cut in the public sector borrowing requirement could have unwanted deflationary consequences and could further strain the Exchequer through unemployment and related assistance.

The future of pay policy is being left until discussion is resumed shortly between Ministers and the TUC on new collective bargaining institutions which should follow or build on the coming pay inquiry for public service workers.

Large parts of the economic review, which is in six chapters, set out policies already published elsewhere. There is, however, particular emphasis on the challenge to employment and training posed by micro-electronics.

EEC probes London commodity markets

BY MARGARET VAN HATTEM IN BRUSSELS

THE EEC Commission's competition department is examining the London commodities' markets to determine whether they conform with EEC regulations on free competition.

The inquiries focus on the London Commodities Exchange, whose lawyers are preparing a defence of the regulations covering its activities. The outcome has implications for most of the City's trading institutions, such as the London Metal Exchange, the Baltic Exchange, Lloyds, and even the London Stock Exchange.

The EEC examination follows a similar inquiry into the operations of UK money brokers, which began in 1977, after Sarabex, a money-broker with Middle Eastern connections, complained to the Commission that money-broking in London was a closed shop.

This led to a protracted controversy which ended last November, when the Bank of England agreed to take over responsibility for licensing brokers from the Foreign Exchange and Currency Deposit Brokers' Association. The criteria for deciding whether to accept new brokers were made more transparent, and a mechanism was set up to enable rejected applicants to appeal

Commission officials said yesterday the inquiry into commodities' markets did not arise from any complaints, and was largely procedural. The Commission is believed to be primarily interested in rules governing membership of the different markets, and the practice of charging a fixed minimum commission.

At present, applicants for a seat on London commodity markets are generally required to demonstrate a serious interest in trading, to show that they have sufficient financial backing to honour their commitments, and to be sponsored by a member. There is no appeal against rejection.

Commission officials did not rule out the possibility that an appeals mechanism might be found necessary, or that criteria for membership might need to be modified, but said that the inquiry was still in preliminary stages.

Continued from Page 1

S. Africa

and in turn to reduce "South Africa's vulnerability against disruptions in the flow of crude oil."

The expansion of the existing plans for SASOL 2—effectively the construction of a SASOL 3—would be completed by 1982, Mr. Heunis said. This was two years earlier than would have been possible on a new site, and at an estimated cost saving of R500m (£290m), because of the infrastructure and trained workers already at the site.

The cost of SASOL 2, ten times the capacity of the original plant which came into production as the world's only commercial oil-from-coal process in 1955, is estimated at R2.5bn (£1.45bn).

Continued from Page 1

New gilt stock over-subscribed

the levels ruling on comparable existing stock by yesterday morning.

This reflected the attraction of current high real interest rates as well as the market's confidence about the Government's commitment to its monetary targets and to the stability of sterling. This has led to significant foreign purchases, as shown by the strength of sterling this week.

The response to the issues led yesterday to further sharp rises in the price of gilt-edged stocks with gains of 1¼ points at the long end. The FT Government Securities index rose by 0.62 to 66.93 for a gain of over 2¼ per cent in the past week.

Dealers last night found it difficult to estimate opening levels for the new stocks, but premiums of between £1.50 and £2 on the £15 paid stock were suggested.

The high level of subscriptions has led to shortages of liquidity in the Money market and the authorities will be seeing what happens today before deciding on the form of any assistance.

The market will also be looking closely at the results of the Treasury bill tender this afternoon and to see whether the authorities seek to prevent gilt-edged prices racing away

It is unlikely that the Bank will want to leave the market untapped for long and so may announce a new issue, or probably issues, this week or next.

The Bank, however, has been strongly criticised about the issues—in particular for offering stock at much more expensive terms than would have been necessary at a cost to the taxpayer in interest payments until the next century.

City stockbrokers W. Greenwell, who are influential gilt market commentators, said yesterday that "official sales of stock may be about to squeeze the supply of money excessively."

● Subscriptions for the U.S. Treasury's second offering of D-mark denominated notes in West Germany totalled around DM 5bn (£1.35bn). Page 29

British Airways writes off cost of Concorde

By Michael Donne, Aerospace Correspondent

THE GOVERNMENT is to allow British Airways to write off the £160m cost of its five Concordes. As a result, the airline's £300m Public Dividend Capital will be reduced by that amount.

BA will thus be relieved of the burden of both depreciation and dividends on the bill for the five aircraft, hitherto running at about £15m a year. The aircraft will be carried in BA's books as "a fully depreciated asset."

Under this Concorde refinancing scheme, John Smith, Secretary for Trade, said yesterday that the airline will continue to fly the Concordes, but will pay the Government 80 per cent of all operating profits, leaving itself 20 per cent.

Britain's investment in Concorde already includes £792m for its share of research, development and production costs of the aircraft. BA's cumulative losses on Concorde so far total more than £35m.

No decision has been taken on what to do with the remaining two unsold Concordes off the UK assembly line. One has flown, and is grounded at Filton, near Bristol, while the other is due to fly this spring.

A statement on their future is expected in two or three weeks. One is likely to go to BA, but the other may go to British Caledonian. If not, it will also go to BA. The idea of a separate "Concorde Consortium" to own and run the Concordes has been dismissed by the Government is impracticable.

Mr. Smith said the decisions to refinance Concorde had been taken because BA had made it clear that while burdened with dividends and depreciation, it was not likely to make money with the aircraft.

But under the new arrangements, which take effect on April 1, it hoped that the operating profits on the aircraft would be substantial.

The new scheme will require legislation. Pending this BA will make transitional accounting arrangements.

These will include an interim dividend on its Public Dividend Capital to make up for reduced dividends paid in earlier years to March 31, 1978. For the current year, and in future, the airline will pay dividends on the remaining £140m of its Public Dividend Capital in accordance with the Government's normal requirements from nationalised industries.

BA's cumulative Concorde losses include £2.3m in 1975-76, when services began; £17.1m in 1976-77 (£8.6m in depreciation and £8.5m on direct operating account); and £17m in 1977-78 (£15m in depreciation and £2m on direct operating account).

Weather

MOSTLY DRY, Sunny spells.

London, S.E., E., Cent. S., Cent. N. and N.E. England, E. Anglia, Midlands

Frost and fog patches early and late. Dry, sunny spells. Max. 5C (41F).

Channel Is., S.W. and N.W. England, Wales, Lakes, I. of Man

Dry, sunny intervals. Max. 9C (48F).

S. Scotland, N. Ireland

Mostly dry, sunny intervals. Max. 5C (41F).

N. Scotland

Wintry showers, sunny intervals. Max. 5C (41F).

● **Outlook:** Mostly dry. Sunny intervals.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	14	57	Locarno	F	6	43
Algiers	C	15	59	London	R	4	39
Amsdm.	C	0	32	Luxmbg.	C	2	36
Athens	C	6	43	Luxor	S	25	77
Bahrain	S	22	72	Madrid	S	10	50
Barclna.	S	13	55	Majorca	S	14	57
Beirut	C	16	61	Malaga	C	14	57
Belfast	S	5	41	Malta	F	13	55
Belgrd.	S	4	39	M'chstr	C	6	43
Berlin	S	1	34	Melbne.	C	30	86
Biarritz	C	10	50	Mex. C.	C	19	66
Bmghm.	C	5	41	Milan	S	6	43
Blackpl.	S	6	43	Mntreal.	S	−4	25
Bordx.	C	9	48	Moscow	S	−2	28
Boulgn.	Sn	0	32	Munich	C	2	36
Bristol	S	8	46	Nairobi	R	24	75
Brussels	C	−2	28	Naples	S	11	52
Budpst.	S	3	37	Nwcstl.	S	4	39
B. Aires	S	24	75	N. York	S	9	48
Cairo	S	17	63	Nice	F	12	54
Cardiff	S	8	46	Oporto	S	14	57
Cape T.	S	22	72	Oslo	Sn	−4	25
Chicago	C	−1	30	Paris	C	0	32
Cologne	Sn	−2	28	Perth	S	25	77
Cpnhgn.	C	−1	30	Prague	F	1	34
Corfu	C	9	48	Reykjvk.	C	2	36
Dublin	S	7	45	Rhodes	S	11	52
Ednbgh.	S	7	45	Rio J'o	C	27	81
Faro	S	15	59	Rome	F	11	52
Florence	S	9	48	Salzbrg.	F	4	39
Frankft.	F	0	32	Singapr.	S	29	84
Funchal	C	15	59	Stckhm.	Fg	12	54
Geneva	S	6	43	Strasbg.	C	3	37
Gibrltr.	C	14	57	Sydney	S	26	79
Glasgow	F	7	45	Tehran	S	8	46
G'rnsey	C	7	45	Tel Aviv	C	16	61
Helsinki	C	−6	21	Tenerife	F	12	54
H. Kong	C	25	77	Tokyo	S	17	63
Innsbrk.	S	5	41	Toronto	C	−1	30
Invrnss.	S	6	43	Tunis	C	15	59
I.o.Man	S	7	45	Valencia	S	14	57
Jersey	F	6	43	Venice	C	5	41
Jo'burg	S	26	79	Vienna	S	4	39
L. Plms.	C	18	64	Warsaw	S	4	39
Lisbon	S	13	55	Zurich	C	1	34

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sn—Snow.

THE LEX COLUMN

ICI hopes for a turning point

Index rose 2.3 to 459.2

It seems that the City's expertise in applying for heavily stagged new issues is on the decline. Traders in equities are losing the skills through lack of practice, and the gilt-edged brokers involved in yesterday's shambles have never really had much experience anyway.

Bankers and brokers can claim ⅛ per cent commission on successful applications—so some £240,000 was riding on yesterday's issues. It is customary for these agents to hold gilt-edged application forms overnight in case of damaging news developments (like an alarming offer to NUPE on Wednesday evening). Many applications, in fact, are subject to specific confirmation from clients in the morning.

The leisurely approach was clearly inappropriate given the scale of activity concentrated between 9.0 and 10.0 yesterday morning. The Bank of England was stuffily pointing out that applicants who wait until the very last minute are seeking to gain an advantage, and must be ready to pay the price.

ICI

Bulls of ICI hoping for a cheap buying opportunity yesterday after the lack lustre 1978 figures were disappointed—the share price barely hesitated, and finished 6p higher at 375p. The response shows that the market is ready to overlook 1978, and the strike-affected first quarter of 1979 as well, and concentrate instead on the radically changed outlook for the remainder of the year.

Although the volume of sales picked up somewhat in the fourth quarter, margins stayed under pressure, while currency movements continued to be adverse. Pre-tax profits for the quarter, net of a £13m exchange loss, were £87m, barely higher than the £83m of July-September and well below the £139m of the second quarter. Although there were improvements in agricultural products, pharmaceuticals and paints, returns in petrochemicals were generally depressed and fibres remained modestly in the red. Late in the year rising labour costs and naptha prices could not be recovered, and the final result was a drop in pre-tax profits of an eighth to £421m after an exchange loss of £89m.

What has happened since the turn of the year is that the shortage of oil products in the European market has dramatically changed the supply/demand balance in petrochemicals and allowed the manufacturers to push through price rises of as much as 50 per cent in some cases. Analysts have smartly raised their estimates of ICI's 1979 profits to the £550m region, with some quite a bit higher still.

The assumption here is that the group will be able to keep prices up with costs, and that the steep rises will not kill off demand once any panic buying has stopped. Certainly it will be easier for ICI to make good its January strike losses in conditions of excess demand. But clearly there are great uncertainties about the second half, especially given the news that Iranian oil may soon start flowing again, a development that could prick the naphtha price bubble. Still, there is a safe cushion in a yield of 7.5 per cent, covered approaching three times after a low tax charge.

Barclays Bank

Any hope that the arrival of so-called "full disclosure" would make the banks' annual profit figures more comprehensible were dashed by Barclays' preliminary results. In announcing a 27 per cent rise in pre-tax profits to £373.8m, it became clear that Barclays was doing its arithmetic differently from Lloyds Bank (which reported last week) in three key areas.

In regard to the new deferred taxation standard (SSAP 15) Lloyds is making no provision for deferred tax on its leasing business while Barclays considers it "prudent" to retain a provision of 25 per cent of the potential tax liability. The second difference is on the bad debt provisions which Barclays has stated gross without deduction of tax relief, whereas Lloyds has calculated them partly on a net basis. Finally, it appears that Barclays is still sticking to its old policy on suspended interest and recoveries here, and a "much lower" charge for bad and doubtful debts, are the main reasons for the profit improvement.

Just how important this was can be seen from the fact that the improvement at Mercantile Credit, Barclays Bank International and Barclays Merchant Bank (the main non-UK clearing bank activities) accounted for only £24.5m of the £78.7m rise in pre-tax profits. There was little change in average base rates during the period, operating costs rose faster than the rate of inflation and margins were under pressure, so it is clear that Barclays was relying on a substantial element of deferred profits to boost its performance.

Perhaps the most interesting element in Barclay's statement, however, was its treatment of provisions for bad and doubtful debts. Even allowing for the fact that they do their figures differently the variation between Lloyds' loan loss provision of £77.6m (0.8 per cent of advances) and Barclays provision of £400m (2.3 per cent of advances) is remarkable. Until the other banks report it is impossible to make judgements but given that Barclays says that its general banking provisions are within a band of 1-1½ per cent of risk advances there still appears to be a large amount of suspended interest within the £400m which can flow back into profits in 1979 and 1980.

Bath and Portland

One at least of those medium-sized companies praised a few years ago for spearheading the British export drive in the Middle East must be wishing it had never bothered. Bath and Portland, which took on an Iranian road contract out of all proportion with the size of the rest of its business—assets of £37m in Iran compare with total shareholders' funds of under £20m—is now most uncomfortably placed. Its 1977-78 pre-tax profits of £5.18m, against £4.85m, are undermined by a £3.5m gross provision in respect of Iran, put below the line on the grounds that it is covered by profits from Iran taken in, somewhat rashly perhaps, in earlier years. Other liabilities are guaranteed by the ECGD.

The group has nothing to replace the Iranian work, and its UK businesses are mostly dull at present. One compensation of the Iranian trauma is that it makes the company unattractive to the predators

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